Energy & Water
Ombudsman NSW
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28 February 2022

Mr Mark Feather
General Manager, Strategic Policy and Energy Systems Innovation Branch
Australian Energy Regulator
GPO Box 3131
Canberra, ACT 2601

Via email: ConsumerPolicy@aer.gov.au

Dear Mark

Draft Consumer Vulnerability Strategy

Thank you for the opportunity to comment on the AER's Draft Consumer Vulnerability Strategy (Strategy).

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. EWON has been resolving complaints from customers experiencing vulnerability and affordability difficulties for almost twenty-five years. Our comments are informed by our investigations into these complaints, and through our community outreach and stakeholder engagement activities.

EWON emphasises the importance of the following in developing this Strategy:

- Reinforcing the need for all energy providers not to label consumers who are, or are at risk of, experiencing vulnerability ie consumers who experience, or are at risk of, vulnerability not vulnerable consumers.
- Changing mindsets of those who still view customers in debt from an entrenched. assumption that the majority are unwilling rather than unable to make payments
- Learning from other markets (eg UK and Victoria) and successful consultations (eg Better Billing).
- Reinforcing the benefits of continually placing consumer impact at the centre of decision making.

We look forward to our continual involvement in this project – please contact me or Rory Campbell, Manager Policy and Research for further EWON information.

Yours sincerely

Janine Young

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Language/terminology.

Question 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?

- Terminology in this area is nuanced and may never be perfected.
- The use of 'experiencing vulnerability' or 'at risk of experiencing vulnerability' is most appropriate given its acceptance and use across sectors.
- Consumers should not be referred to as 'vulnerable' for the stigmatisation issues cited.
- AER's working definitions afford further explanation to identify underlying causes of vulnerability:
    - Financial
    - Health
    - Socio-economic
    - Demographic.

EWON encourages the AER's continued careful consideration of terminology and the impact of language and suggests it strongly recommends this approach to energy companies.

Overarching Strategy.

Question 2: Do you have research to share with the AER to help inform our understanding of vulnerability amongst your customers, clients or constituencies?

EWON's 'Insights'[1] and 'Spotlight On'[2] reports provide analysis on these matters. Particularly pertinent, the January 2022 Spotlight On focuses on debt management and lessons learned from the impact of the AER's Statement of Expectations and Standby Statement of Expectations.

Case studies are included in this submission in response to questions 10 to 15 – see **Attachment 1**.

Question 3: Should some or all of the proposed actions be implemented? Should some be prioritised over others?

Yes. The potential impacts of the proposed actions are discussed in our responses to questions 10 to 16.

Question 4: Are there barriers to implementing the proposed actions? If so, how could these be overcome?

Appropriate implementation is key. Review of the smart meter rollout identifies that retailers lobbied for Power of Choice, but have failed to impart the benefits to consumers who need it, including those experiencing vulnerability who would benefit from monthly bills.

Barriers to implementation include:

- Engagement and willingness, or otherwise, of some market participants.
- Mindset / culture in some organisations where it remains focused on '*won't pay*' rather than '*can't pay*'.

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[1] EWON Insights editions – https://www.ewon.com.au/page/publications-and-submissions/reports/EWON-Insights
[2] EWON Spotlight On editions – https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on

- Increased cross-industry businesses (eg energy plus telecommunications providers) where different levels of focus on vulnerability and affordability exist.

Methods to overcome this include:
- Maintaining a consumer-focussed approach
- Measuring implementation against clear targets
- Cross-sector learning.

Specific potential barriers to each proposed action are discussed in responses to questions 10 to 16.

Question 5: What are the benefits or disadvantages, and risks or opportunities of each of the proposed actions?

The benefits, disadvantages, risks, and opportunities of each of the proposed actions are discussed in our responses to questions 10 to 16.

Question 6: Are there alternative actions to the proposed actions that you consider the AER should pursue?

- The proposed actions should be considered a starting point with the option for flexibility to expand to bolder actions.
- EWON looks forward to participating in AER's 2022, and ongoing, work to drive improvements in the broader energy system for customers experiencing, or at risk of, vulnerability.
- Overseas examples should be explored:
  - Lessons from the United Kingdom in managing unprecedented steep increases in energy costs in 2021 and 2022.
  - Octopus Energy has taken a proactive approach in communicating with all customers about reasons for upcoming increases in prices, what options may be available to manage the increase at a systemic level and what assistance is available to individual customers – on its blog[3] and in direct correspondence.[4]

Question 7: What are the important steps and outcomes the AER should consider when engaging with stakeholders in implementing this Strategy?

- Collaboration and harmonisation are key, with minimal siloing of stakeholder project actions and objectives:
  - The NSW Department of Planning and Environment (DPE) has commenced a review of the Energy Accounts Payment Assistance (EAPA) scheme in 2022. The many aspects of the EAPA review directly relevant to the AER's Consumer Vulnerability Strategy, such as consideration of how to assist customers with long-term affordability difficulties, should be considered in harmony.

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[3] Octopus Energy Blog – https://octopus.energy/blog/

[4] 'Spread high energy costs several years, says Octopus Energy boss', BBC News, 25 January 2022 – https://www.bbc.com/news/business-60127507

Question 8: In what ways and for which actions would you like to collaborate with the AER and others? How can the AER support stakeholders to engage with each other?

EWON's participation:

- EWON will participate in consultation as much as possible eg through forums, working groups and workshops (which worked well for other major AER projects, such as developing the Better Bills Guidelines).

Engagement suggestions:

- Opt-in focus groups or workshops that aim to generate and consider bold, innovative ideas that challenge the status quo, with targeted invitees such as retailers showcasing the new initiatives they are trialling, stakeholders from non-energy sectors and community agencies advocating for under-represented groups.

Question 9: What measures should the AER use to assess the impact of our Strategy?

The AER should consider the following measures:

- Deep dive review of data points including disconnections, average household debt, and cancelled and completed payment plans data.
- Collection of equivalent data on customers in embedded networks for the AER to have the ability to assess the impact on these customers and address consumer protection gaps which currently exist.
- Collection and analysis of complaints data from retailers and EWON – EWON will provide additional data / case studies on AER request.
- Supplement data analysis with anecdotal information from financial counsellors and community workers[5] including seeking advice about what is happening on the ground ie:
  - Are they seeing improved outcomes for customers?
  - Are they seeing greater flexibility from retailers?
  - What is the experience of customers with energy debt management compared to management of other household debts?
- AER workshops with market participant frontline contacts to explore the issues they discuss with their customers, including success stories and challenges.

Action 1: AER to develop a toolkit including a non-exhaustive list of indicators that energy businesses should consider and use to activate early conversations with consumers.

Question 10: What factors should we consider in developing this toolkit?

The AER should consider the following factors:

- Avoiding the toolkit becoming just a box-ticking exercise, particularly as it is currently envisaged as voluntary guidance.

[5] Financial Counselling Australia, Legal Aid Australia, NSW Council of Social Service, the Ethnic Communities Council, Older Persons Advocacy Network, Good Service Mob, the Physical Disability Council of NSW and community EAPA providers (including small providers and regional providers) could all be approached.

- Strong connections between identification and subsequent retailer actions to provide support and options to customers, including flexibility to act before a customer has received their first bill and/or started to accumulate debt. Refer Case Study 1.
- Challenges of embedding changes in market participants' attitudes and organisational cultures and eradicating the attitude that customers are unwilling rather than unable to pay. Refer Case Study 2.
- Caution with language and the labelling of customers including finding a balance between language that is practical and easy to uptake, and language that is sufficiently nuanced and adaptable.
- Opportunities for a toolkit to support improved knowledge and uptake of government concessions, relief schemes and rebates, aligned with DPE activities such as the current review of the EAPA scheme and regular review of the NSW Social Programs for Energy Code.
- Interaction between the toolkit and a retailer's family violence policy if this requirement comes into effect because of the rule change currently under consultation by the Australian Energy Market Commission (AEMC).

Action 2: AER to promote improved Retailer Report Cards.

Question 11: Should the AER's Retailer Report Cards be extended to report on quality-of-service metrics? How would this information best be presented to consumers? What costs and other considerations are relevant?

It would be positive for customers to have access to customer service and accessibility metrics, such as energy Ombudsman complaints data and retailer Net Promoter Scores, however Energy Made Easy may not be the most effective place for this information. Factors to consider in developing this include:

- Whether customer service and accessibility factors would typically be outweighed by the importance of energy cost in customer decision-making – the AER could conduct research in this area, similar to billing research conducted when developing the Better Bills Guideline.
- Potential over-complication of Energy Made Easy – should the focus be on improving the clarity and comparability of the existing energy plan information?
- Interaction with the forthcoming Consumer Data Right in energy, which has similar objectives of empowering customers and driving competition.
- Limited impact for customers in embedded networks without access to retail competition and customers with limited capacity to make consumer choices.
- Ensuring the onus is not shifted away from retailers to build their own customer service and accessibility reputations and branding strategies but at the same time, encouragement of ensuring self-promotion is based on comparable, independent and evidenced based data.[7]
- Potential dissonance between data metrics and real-world service levels.

Refer Case Study 3.

[7] Octopus Energy in the United Kingdom, for example, positions itself as a leader in customer service, including providing detailed, transparent information to customers about complaints and customer service performance – see its online Quarterly Performance Reporting at https://octopus.energy/policies/quarterly-performance-reporting/.

Proposed Action 3: AER to consider the need for a NECF payment difficulty framework.

Question 12: Do stakeholders see merit in implementing a payment difficulty framework for the NECF? What are the risks and opportunities, costs and benefits? What consumer and market outcomes could a NECF payment difficulty framework focus on?

EWON has been calling for improved support for customers experiencing payment difficulties in the National Energy Customer Framework (NECF).[8] A positive consumer and market outcome of any new framework would be one where retailers' treatment of customers including those experiencing vulnerability or payment difficulties is measurable, accountable, and consistent with customers and retailers knowing exactly what is expected of them. The AER should consider:

- Lessons learned from the Sustainable Payment Plans Framework[9] including:
    - Voluntary guidance not adopted by all retailers and applied inconsistently when adopted.
    - Retailers falling back on provisions in the NECF in dealing with customers even if it is not in the spirit of Sustainable Payment Plans Framework by, for example, relying on the 'two strike' rule to justify not providing a further payment plan and/or proceeding with a disconnection of supply for non-payment.
- Lessons learned from the AER Hardship Guidelines including:
    - The introduction of enforceable Hardship Guidelines into the NECF provided stronger consumer protections than the voluntary Sustainable Payment Plans Framework
    - There is still significant room for improvement in customer outcomes, as demonstrated by the AER's actions against retailers in 2020 and 2021 in relation to Hardship Guideline breaches.[10]
- Opportunities to learn from COVID-19 and the ways retailers adjusted their approaches to debt collection and customer engagement in line with the Statement of Expectations and standby Statement of Expectations. Refer Case Study 4.
- Challenges of entrenched attitudes that customers are unwilling to pay – anecdotal feedback indicates that applying the Victorian Payment Difficulties Framework was hindered by market participants being caught up in old approaches, ways of thinking and success metrics (with acknowledgement that the AER will be considering more extensive, concrete feedback provided by the Essential Service Commission's forthcoming review).
- Opportunities to minimise the use of the stigmatising term 'hardship', which currently must be used at specific points in the Hardship Guidelines, and the Standardised Statements, when linking them directly to the National Energy Retail Law (NERL) and the National Energy Retail Rules (NERR).

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[8] EWON Spotlight On National Energy Affordabilty Framework – https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/december-2020

[9] Explored in detail in EWON's submission to the AER draft Sustainable Payment Plans Framework consultation, 29 April 2016; submissions to the AEMC Strengthening protections for customers in hardship consultations, 28 June 2018 and 18 October 2018; and submissions to the AER Hardship Guidelines consultations, 7 December 2018, 14 January 2019 and 1 March 2019.

[10] AER Draft Consumer Vulnerability Strategy, p.37

- Opportunities to explore and address gaps in protections for some customer cohorts, such as customers in embedded networks[11], customers with closed accounts and small business customers.[12] Refer Case Study 4.

Proposed Action 4: AER to encourage improved engagement to promote disconnection truly as last resort, including reviewing the consumer debt threshold for disconnection.

Question 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?

EWON strongly supports the timely exploration of improved provider to customer engagement prior to disconnection (noting the recent period in which retailers had a significantly restricted ability to arrange disconnection for non-payment while the Statement of Expectations and standby Statement of Expectations were in force).

The AER should consider:

- Implications of smart metering remote disconnection for knock before disconnection approaches
- Retailer-led approaches to debt management
- Lessons learned from the Victorian Payment Difficulty Framework
- Ensuring continued retailer responsibilities following disconnection
- The principle that a customer should not be disconnected from an essential service for relatively small amounts or being one quarterly bill behind.

Knock before disconnection – implications of remote disconnection

As noted by the AER, distributors and retailers have reported success (organisation and customer mutual benefits) with a knock before disconnection approach in circumstances where the customer still has a distributor-owned meter.[13] Refer Case Study 5.

Consideration needs to be given to options should smart meter, and therefore remote disconnection, uptake increases. Currently EWON receives few related complaints, though anticipates an increase commensurate with market penetration.

Retailer-led approaches to debt management

The AER should explore creative and flexible approaches to debt, especially long-term, entrenched debt. This is an area where retailers, in particular, can be industry leaders. Some retailers are

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[11] EWON Spotlight On Embedded networks - https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/embedded-networks

[12] EWON Spotlight On Consumer and small business energy debt solutions – https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/consumer-and-small-business-energy-debt-solutions

[13] AER Draft Consumer Vulnerability Strategy, p.39

completely rethinking their approach to debt management and engagement and openly recognising and addressing the fact that some customers simply cannot afford their energy. See Case Study 6.

Lessons learned from the Victorian Payment Difficulty Framework
The Essential Services Commission review delivered the inclusion of additional retailer responsibilities before raising a disconnection including appropriate evidence that they at all times acted fairly and reasonably in relation to the customer. This is a vital lesson for NSW given there is no requirement for a financial outcome for unfair or outright non-compliant disconnections beyond the disconnection and reconnection fees being waived. Refer Case Study 7.

Retailer responsibilities after disconnection
It is crucial that retailers continue to have obligations to a customer after disconnection takes place.[14] EWON still sees instances of retailers viewing disconnection as the end of their obligation to provide support to customers experiencing vulnerability. Refer Case Study 8, noting the original Statement of Expectation was in force at the time and EWON had to remind the retailer of its principles.

Minimum disconnection amount
EWON supports a further disconnection threshold review to ensure it reflects the current energy market and financial climate. The current minimum disconnection amount of $300 has been in place since 2012, and was last reviewed in 2017. EWON strongly supports the principle that customers should not be disconnected from an essential service for relatively small amounts or being one quarterly bill behind, nor should they be disconnected solely due to an inability to pay. Refer Case Study 7.

Proposed Action 5: Introduce vulnerability impact assessments into the work of the AER.

Question 14: Are vulnerability impact assessments an approach that other sector participants should incorporate into their decision-making processes?

EWON supports the AER's proposal to introduce vulnerability impact assessments into its work, with the potential for this to provide a model for other sector participants if the AER considers there are positive outcomes from its implementation.

Proposed Action 6: AER to consider benefits to consumers experiencing vulnerability when assessing sandboxing or ring-fencing waivers.

Question 15: Are there other decisions that the AER currently makes, or assessments that the AER currently undertakes, in which we should consider benefits to consumers experiencing vulnerability?

EWON supports the AER's proposal to consider customers experiencing vulnerability in relation to decisions and assessments such as ring-fencing and sandboxing waivers. Issues around new assets,

[14] Explored in detail in EWON's submissions to the AEMC Strengthening protections for customers in hardship consultations, 28 June 2018 and 18 October 2018; and submissions to the AER Hardship Guidelines consultations, 7 December 2018, 14 January 2019 and 1 March 2019.

services, and business models will only increase as the energy market continues to change and develop with innovations such as community batteries.

In relation to ring-fencing, EWON investigates complaints where customers struggle with costly defect corrections or upgrades and ring-fencing guidelines prevent the distributor from performing the work. See Case Study 9.

Proposed Action 7: AER to work with the sector to review regulations and consumer protections to identify opportunities to promote consistency across jurisdictions and reduce cost to serve where possible.

Question 16: Do stakeholders see merit in a broad review to identify regulations and protections that have become redundant or unnecessary over time, as well as opportunities to promote consistency and reduce cost to serve across jurisdictions?

EWON supports the general principle of reducing regulatory complexity if there is no inadvertent reduction in consumer protections. Crucial factors to consider include:

- Certain protections may now seem obsolete because of current industry practice, such as those related to security deposits, however they may return to relevance if industry practice shifts again.
- Simplification should not come at the cost of the gains made in response to broader energy market developments, such as the move toward a two-way energy market.
- A broad review should also explore existing gaps, such as tying this proposed action in with the AER's action underway of reviewing how to better protect customers in embedded networks.
- Opportunities to review entitlements and benefits, such as reviewing the capacity to have consistent cross-jurisdictional energy concessions and rebates.

Enablers of success.

Question 17: How can the AER and stakeholders best learn from each other, and embed understanding and consideration of vulnerability across our organisations and in our everyday systems?

Question 18: How should the AER share and communicate with our stakeholders about the impact of this Strategy?

Opportunities for cross-stakeholder discussion such as forums, working groups and workshops will be helpful. Collaborating organisations need to hold themselves accountable and be fearless in communicating their failures and successes. The AER should model this behaviour in communications about the implementation of the Strategy including identification of remaining gaps and actions that require a bolder approach.

The AER should also ensure it communicates the impact of the Strategy with more than data and metrics, by seeking, capturing and sharing meaningful narratives about industry changes, market participant initiatives and customer outcomes.

Enquiries about this submission should be directed to Janine Young, Ombudsman on (02) 8218 5256 or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.

Case studies

Case Study 1

A customer showed early signs of payment difficulties but the retailer did not proactively offer assistance.

A customer moved into a new supply address in April 2021 and opened a gas account with his preferred retailer. He provided the retailer with his concession details to receive the NSW Gas Rebate. His first gas bill for the period April 2021 to June 2021 was $390. He obtained $300 worth of EAPA vouchers to be applied toward the bill and paid the remaining $90. He then received a second bill for the period June 2021 to August 2021 for $425. He contacted EWON as he was concerned about the bills being higher than expected and considered his retailer had not been able to assist him. The customer, for whom English was his second language, advised that he was responsible for a seven person household and had a limited income.

EWON's review found:

- The two bills were actual reads
- The customer was on the best plan for him
- Gas heating appliances were the likely cause of higher bills
- The customer's concession details failed validation due to a name mismatch.

The retailer had spoken to the customer about the concession name mismatch at least three times since the account was set up to try and correct the issue, but it did not appear that the retailer had taken these opportunities to also discuss other options and advice even though there were multiple indicators of potential affordability difficulties. The retailer did not discuss, for example, energy savings tips and payment plan options that could have helped the customer proactively prepare for managing subsequent bills.

The customer confirmed that the retailer had the correct spelling of his name and it therefore appeared the name may be incorrect with Centrelink, particularly as the customer's electricity account was with a different retailer and had similar mismatch issues. The customer confirmed he was in contact with Service NSW about the issue and was happy to deal directly with the retailer once Service NSW confirmed the name had been corrected. The retailer applied a customer service credit of $200 to the customer's gas account, which was well over the amount of the missed rebate to date. The retailer also advised that once the concessions issue was resolved, it would backdate the missed concession, with the $200 being on top of this. The customer was able to pay the remaining $225, leaving him with a zero balance. EWON discussed the indications of payment difficulties with the retailer to ensure its further discussions with the customer would go beyond the concession issue.

Case Study 2

A customer struggled to pay off an old debt but the retailer was reluctant to provide debt relief.

A customer contacted EWON in May 2021 because she was struggling to pay off a debt for an old, closed electricity account. She had recently moved into a new supply address and opened gas and electricity accounts with her preferred retailer. She also had an older electricity debt of $1900 with the same retailer for a previous address. She did not dispute that she was responsible for the debt and had been trying to come to a payment arrangement for it. She could not afford the retailer's requested $170 per fortnight. The customer preferred to communicate by email as she is hearing impaired. The customer also disclosed that her recent move was because of a family violence situation, and that she was experiencing financial difficulties. She confirmed that she had disclosed this to the retailer already and that EWON had permission to discuss the situation.

EWON's review found that the customer had a debt of $1900 with the retailer from an electricity account for her previous address which closed in early 2020 due to a transfer away. The customer had kept making payments of $100 per fortnight for several months after account closure until mid-2020 before payments and contact with the retailer dropped off. The customer advised EWON that she had been struggling to also make payments to her active account with a different retailer for the same address. When she moved into the new supply address in May 2021, she decided to return to the previous retailer and also try to address the $1900 debt.

When EWON discussed options with the retailer, the retailer expressed concern about offering a payment plan and/or any debt waiver for the aged debt due to the customer's lack of payments and engagement since mid-2020. The retailer advised that it considered the customer would likely accrue debt again on the new account. EWON discussed that it would be reasonable to take the customer's circumstances into account. The retailer offered to reduce the debt from $1900 to $500 and transfer it to the active account so it could be better managed alongside new usage. The customer accepted this offer. The customer was not due to receive her first electricity bill for several months. The retailer placed a hold on the $500 transferred debt and asked that the customer contact them after receiving her first bill to put in place a hardship arrangement and discuss options such as EAPA. It suggested that the customer make any affordable payments she could manage in the meantime to demonstrate engagement and willingness to pay.

Case Study 3

A customer was unable to establish an electricity account with the retailer who held the billing rights for their supply address due to limitations in the online sign-up process.

A customer moved into a new supply address in September 2021. She tried to establish an electricity account with her preferred retailer, but the retailer declined to open an account based on a credit check. The customer found out that a different retailer already held the billing rights to the supply address, but they only had an online sign-up option. She tried to sign up online but received an email advising that the retailer had also declined to open an account based on a credit check. The customer then received a disconnection warning addressed "To 'The Occupier'" from the retailer. The customer had difficulty contacting the retailer to find out what options were available, and contacted EWON as she was concerned her electricity supply would be disconnected.

EWON spoke with the retailer and discussed its obligations as the Financially Responsible Market Participant (FRMP) as per section 22 of the National Energy Retail Law (NSW) to provide the customer with at least a standing offer, regardless of whether she met their usual credit criteria. The retailer acknowledged this obligation and advised that the online sign-up process, which was the retailer's only sign-up method, was not able to distinguish situations where this obligation applied. The notification the customer received did not provide a phone number to contact the retailer, only contact details for a credit reporting body. The retailer ultimately had to make a manual adjustment to allow the customer to sign up online, which only occurred after the customer raised a complaint with EWON. EWON provided the customer with referrals for financial counselling and EAPA, as well as information on concessions to follow up with the retailer. EWON is also further investigating at a systemic level the underlying issue of online sign-up where the section 22 obligation applies.

Case Study 4

A small business customer in financial difficulty due to COVID-19 restrictions was provided with flexible payment options by their retailer.

A customer owned a hairdressing business that closed in July 2021 due to COVID-19 restrictions. She received some government assistance but continued to experience financial difficulties due to the closure. She also had other personal factors contributing to her situation. The customer's retailer had offered her a payment arrangement of $177 per month for her electricity account. She contacted EWON because after agreeing to the payment arrangement, she found that she could not afford it and was unsure what to do.

When EWON spoke to the customer's retailer, it advised that the account balance was $752 and the customer's usage based on the last twelve months was $177 per month. The balance had only accumulated over the last few bills. The first principle of the standby Statement of Expectations was for retailers to offer all residential and small business consumers who indicate they may be in financial stress a payment plan or hardship arrangement. However, it was not prescriptive about specific factors retailers should consider in determining a fair and reasonable amount for the customer to pay. The customer's retailer had met the standby Statement of Expectations by offering the customer a payment arrangement. The retailer had exceeded the minimum requirement because the payment arrangement was based on the fair and reasonable principle of the customer meeting monthly usage only for now. In EWON's experience, a payment arrangement covering usage only is a more common practice for residential accounts than small business accounts, as there are additional factors to consider for small businesses such as retailers ensuring they are not contributing to businesses trading insolvent. In this instance, the customer's financial circumstances had the potential to improve depending how COVID-19 restrictions evolved, but paying usage in the meantime would help avoid the debt growing.

Based on the customer's advice that $177 per month was not affordable, the retailer provided other flexible options including a lower payment arrangement paying below usage for a while or a payment deferral for a period of time. The retailer also advised that the customer could consider closing the account and reopening it when the business reopened to avoid additional fixed charges in the meantime. The customer advised that she could likely afford $150 a month, and was happy to be referred to the retailer to discuss which options would best suit her circumstances.

Case Study 5

A distributor did not complete a disconnection order, giving the customer and retailer an opportunity to establish engagement and build trust.

A customer contacted EWON in December 2021 as a distributor attended his supply address to disconnect the electricity supply but had not completed the disconnection. The customer contacted EWON as he was unsure which retailer he was with. His circumstances were difficult as he had recently experienced a period of incarceration and was in the process of putting his life back in order. He gave permission for EWON to discuss his circumstances with the retailer.

EWON identified the customer's retailer via the national electricity database and contacted the retailer to discuss assisting the customer. The retailer confirmed that the customer had held an account since February 2021. The balance of the account was $1300 and the customer had not made any payments. The retailer advised that the customer could be provided with a direct phone number for a contact person familiar with the customer's EWON complaint to discuss a hardship arrangement. The customer spoke to the contact person and agreed to an affordable payment plan of $50 per fortnight to be paid via Centrepay, as well as discussing concessions;

energy saving options; and assistance referrals including EAPA vouchers and government crisis payments available to individuals who have recently been released from incarceration.

It was also identified that the customer's recent bills had been based on estimated reads due to COVID-19 restrictions. The retailer rebilled the account based on a customer meter read, resulting in an adjusted balance of $700. The retailer also applied missed Pay on Time discounts totalling $150, reducing the balance further to $550.

Case Study 6

A retailer waived a customer's aged debt of $8,000.

A customer had held an electricity account with a retailer since 2017. The customer contacted EWON in December 2021 as her debt had accrued to $8,000 and she considered the retailer was not providing hardship assistance. She had been paying $50 a fortnight, which was all she could afford, but the retailer kept requesting that she increase her payments. She was a single mother with a toddler and was struggling to reduce the debt. The high balance also seemed to make EAPA providers reluctant to provide vouchers. She wanted to change retailers but was unable to do so as poor credit meant her attempts to open accounts were declined.

EWON's review found that the balance of $8,000 had accrued across three different accounts for different properties, with the outstanding debts being transferred to the customer's new account each time. On her current account, the customer had been consistently paying $50 a fortnight for at least a year. Some bills at previous addresses had been as high as $2,000 in the winter, but her bills at the current address were generally less than $200 per quarter. $50 a fortnight would have been keeping the customer on top of new charges if not for the accumulated debt.

The retailer assessed the customer under its new program aimed at helping customers in this situation of being unable to reduce an aged debt. The retailer waived the customer's full balance of $8,000. The retailer confirmed it would contact the customer to discuss a suitable payment arrangement within her capacity to pay that related to estimated ongoing usage of future bills only, without needing to take any debt into consideration.

Case Study 7

A customer's electricity was disconnected but the notices were going to an incorrect address and the balance was only just over the $300 threshold.

A customer's electricity supply was disconnected in December 2020. He contacted his retailer and agreed to pay $480 to be reconnected, which he thought included a disconnection fee. The electricity supply was reconnected the same day, but the customer contacted EWON as he did not receive any notice before being disconnected and did not consider this to be reasonable.

EWON's review found that the retailer had sent the overdue notice and disconnection warning to his previous mailing address in error. The customer had been receiving bills because they were sent to his email address. The retailer also had an outdated mobile number. The customer had been disconnected for a balance of $340. The payment of $480 he made consisted of $340 owing for electricity and $140 owing for gas, and he had not yet been charged any disconnection fee. The electricity balance of $340 was charges for one billing quarter only. He had a history of ultimately paying his bills in full but sometimes taking several months to do so. It was EWON's view that it would have been fair and reasonable for the retailer to conduct further assessment of the account before progressing to disconnection, such as reviewing whether notices had been sent to the current address, noting the customer's pattern of paying bills but taking time to do so as a possible indicator of payment difficulties and noting the low balance made up of charges for only one quarter.

The retailer waived a disconnection fee of $77 and applied a $250 customer service credit due to the issues identified by EWON. The retailer also committed to discussing payment options with the customer, including an affordable ongoing payment arrangement if required.

Case Study 8

A retailer initially declined to raise a gas reconnection unless the customer made an upfront payment of $800.

A customer contacted EWON in March 2021 because her gas supply was disconnected. She was not sure who her retailer was, how much she owed or what steps to take to have the gas reconnected. She was on a limited income as she received a Centrelink pension.

EWON identified the customer's retailer by contacting the gas distributor. EWON then spoke to the retailer and it advised that the customer had a gas account balance of $1,600. The customer had previously had a fairly consistent payment history but had not made a payment for over a year since February 2020. The retailer had sent the required notices to the supply address and made numerous unsuccessful attempts to contact the customer. The customer had not spoken to the retailer since April 2020. The retailer advised that the customer was also currently at risk of disconnection for her electricity account.

Due to the time since the customer's last payment and contact, the retailer initially declined to raise a reconnection unless the customer paid half the current balance. The customer did not have capacity to make a payment of $800. EWON requested that the retailer consider whether it was adhering to the principles of the Statement of Expectations, particularly since the payment and engagement issues started about the same time the COVID-19 pandemic started in early 2020. After numerous discussions, the retailer agreed to raise a reconnection if the customer was willing to commit to a payment arrangement under its hardship program. The customer contacted the retailer immediately after EWON discussed this with her and was placed on a hardship arrangement of $50 per fortnight for the gas account. The retailer and customer also made arrangements for the electricity account. The customer confirmed the hardship arrangements for the accounts were affordable. EWON provided the customer with information about her obligations and the retailer's obligations, and referrals for EAPA and financial counselling. The customer confirmed the gas was reconnected.

Case Study 9

A customer was responsible for $2,500 worth of private pole repairs that the distributor could not perform while complying with ring-fencing obligations.

A customer lived in an inner regional area and received notification from the distributor that a pole on his property had a defective cross-arm. The distributor advised that it was a private pole and he was responsible for arranging rectification and paying for the work. The distributor had advised him the work could cost him up to $2,500. The customer was not able to afford this amount and disputed that the pole's maintenance was his responsibility.

EWON's review identified that the distributor had previously conducted maintenance on the pole although it was a private asset. Following the introduction of ring-fencing guidelines in 2016, the distributor was no longer able to conduct work on the pole and remain compliant with ring-fencing obligations. The customer was referred to be assessed for financial assistance under the distributor's customer support policy.