



11 January 2019

Australian Energy Regulator  
GPO Box 520  
Melbourne, Victoria 3001

Email: [AERConsumerandPolicy@aer.gov.au](mailto:AERConsumerandPolicy@aer.gov.au)  
AER Ref: 64604

### **Hardship Guideline: Issues Paper**

Powershop Australia Pty Ltd (**Powershop**) thanks the Australian Energy Regulator (**AER**) for the opportunity to respond to its issues paper on the Customer Hardship Policy Guideline (**Hardship Guideline**).

Powershop looks forward to working with the AER in its development of the Hardship Guideline following the introduction of rules 75A & 75B into the National Energy Retail Rules (the **Rules**). Powershop is committed to providing our customers with a level of assistance that will enable them to meet their current and future energy needs in the event they find themselves in financial hardship.

Commencing 1 January 2019, Victorian energy retailers are required to comply with the Payment Difficulties Framework (**PDF**). The PDF was introduced into the Victorian Energy Retail Code by the Essential Services Commission of Victoria (the **ESC**) following an extensive consultation process in 2016 and 2017. The PDF requires energy retailers to offer customers access to payment plans which are designed to help customers avoid falling into arrears, or, if the customer is in arrears, tailor plans to repay those arrears over time. The PDF also requires retailers to provide customers with information on reducing their energy costs, and information on how to access government and non-government assistance. These obligations are also supported by Powershop's internal processes which ensure that disconnection occurs as a last resort.

As mentioned in our response to the AER's consultation on standardised statements in customer hardship policies, Victorian retailers have been through a long consultation and design process to finalise the PDF, and have implemented costly systems development to support delivery and reporting requirements. We would encourage the AER to either align its requirements as much as possible with the PDF requirements to avoid further confusion and cost while achieving harmonisation, or alternatively have the Hardship Guideline principles- allows retailers to adopt the PDF approach in AER jurisdictions.

Powershop's response to the Issues Paper is set out in Appendix 1.

If you have any queries or would like to discuss any aspect of this submission, please do not hesitate to contact me.

Yours sincerely,

Haiden Jones  
Operations Manager  
Powershop Australia Pty Ltd

## **Appendix. 1**

### **Section 3.1: How should the Guideline best ensure that consumers are effectively informed about their rights?**

We agree that consumers need to be well informed about their rights and this is why we have both a 'plain English' and a more detailed version of our Hardship Policy (**Policy**) on our website. These documents describe our processes and external support which is available for customers who find themselves in financial hardship. Additionally, we are obliged under the Victorian Energy Retail Code to provide a hard copy of our Policy to those customers who cannot access it online. Since 1 January 2019 we have two policies online, an ESC Victorian policy and an AER jurisdiction policy.

1. What is the current consumer and consumer advocate experience of accessing information about retailer hardship policies and programs?

Without speaking for consumers, Powershop is confident the processes it has in place and the existing state and federal obligations it adheres to, do not impede a customer's ability to access the services we provide if they are in financial hardship.

2. Are there any serious practical impediments or barriers to implementing the changes described? If so, how could these be overcome?

While Powershop supports best practice approaches for communicating with customers from culturally and linguistically diverse communities, exactly how this requirement would work needs further development.

Powershop provides access to a website translation function for customers where English is not their preferred language, as well as telephone translation services, to support linguistic diversity.

3. In relation to the problems described in section 3.1, are there other steps that retailers could take to achieve the intentions of the hardship obligations?

The PDF provides that retailers must promote information about standard assistance (payment arrangements for customers that are not in arrears) to all customers who have not missed payment of their bill. In order to do this, Powershop has placed information about standard assistance on our bills and on our website.

Additionally, for customers that are in arrears, the PDF requires retailers to actively promote tailored assistance through a number of different means. At a minimum, these methods include; over the phone, via information in the disconnection warning notice, and on retailer websites. A failure to meet these minimum requirements constitutes a breach of retailer obligations.

Powershop believes that the active promotion of assistance (which is mandatory under the PDF) should be permitted without deviation in Hardship Guideline requirements.

4. Are there other risks or considerations should we be aware of?

Powershop is not aware of any at this stage.

### **Section 3.2: How should the Guideline support consistent application of the Retail Law minimum choices?**

Powershop agrees with the AER that despite the requirements and obligations arising from the Retail Law and Rules regarding the availability and requirements of retailer hardship policies, the quality of the application of these requirements can vary depending on the retailer.

Powershop generally supports the requirements for the proposed guidelines, but seeks further clarification on the proposed requirements that retailers' hardship policies should:

- "describe" the "types of systems" in place for early identification; and
- identify that the retailer has systems in place to support the delivery of the retailer's obligations under the law, rules, the Guideline and their own hardship policy.

Powershop is mindful that the intent of a retailer's hardship policy is to provide the necessary information to enable a customer to effectively engage with the retailer and complete their financial obligations to them. We feel that these proposed requirements would be information overload and do not support the intent of the proposed guideline.

Powershop believes that the system and process changes it has implemented to comply with the PDF provide adequate coverage to support the implementation of its hardship policies, without the requirement for further information. To further promote customer action and engagement, with every disconnection warning notice Powershop also includes a leaflet providing information regarding assistance that is available.

5. What is the current consumer and consumer advocate experience of application of retailer hardship policies and Retail Law minimum standards?

Please see response to section 3.1, question 1.

6. Are there any serious practical impediments or barriers to retailers implementing the changes described? If so, how could these be overcome?

Powershop is not aware of any at this stage.

7. Are there other risks or considerations should we be aware of?

Powershop is not aware of any at this stage.

**Section 3.3: How should the Guideline support consumers most in need of hardship assistance to receive it?**

Powershop agrees that the introduction of standardised statements and the removal of certain conditions that preclude customers from entry and re-entry into hardship programs will enable affected customers to maintain their energy access and assist in meeting their financial obligations.

However, Powershop's view is that a bespoke complaint handling policy for hardship customers is unnecessary and unfair on the broader customer base. It is in retailers' best interests to handle complaints efficiently and in a customer-centric fashion (from cost, compliance and operational perspectives). A bespoke complaint handling policy would add unnecessary complexity to the existing complaints procedures.

8. What is the consumer and consumer advocate experience of accessing retailers' hardship programs on behalf of customers?

Please see our response to section 3.1 question 1.

9. Are there any serious practical impediments or barriers to implementing the changes described? If so, how could these be overcome?

Powershop is not aware of any at this stage.

10. Are there other risks or considerations should we be aware of?

Powershop is not aware of any at this stage.

**Section 3.4: How should the Guideline facilitate more customers completing hardship programs successfully?**

Powershop's view is that our processes and procedures adequately communicate our customer protections. The design of the Guidelines should take into account that external factors such as increases in living costs, changes in personal circumstances and economic downturn can impact a customer's ability to effectively participate in a retailer's hardship program. The PDF adequately caters for variations in circumstance, and should be adopted here, but any further innovation the AER believes could better support customers should be taken into consideration, provided that adequate consideration is given to the cost and the impact of multiple processes across different jurisdictions.

The AER should be mindful that the intent of the Hardship Guideline is for the hardship customer to receive the most appropriate support to meet their financial obligations to the retailer, and that the Hardship Guideline cannot be designed to influence the external factors that have led to the customer's financial position.

**11.** What is the consumer and consumer advocate experience of customers' completion of hardship programs?

Please see response in section 3.1 question1.

**12.** Are there any serious practical impediments or barriers to implementing the changes described? If so, how could these be overcome?

Powershop is not aware of any at this stage.

**13.** What other Guideline requirements would assist in improving the rate of customers successfully completing hardship programs?

Powershop is not aware of any at this stage.