Consumer Utilities Advocacy Centre

Level 2, 172 Flinders St
Melbourne VIC 3000
Phone: 03 9639 7600
Fax: 03 9639 8966
ACN 100 188 752

4 June 2010

General Manager
Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERInquiry@aer.gov.au

Dear Mr Leuner,

AER Issues Paper Developing National Hardship Indicators (April 2010)

The Consumer Utilities Advocacy Centre Ltd (CUAC) is an independent consumer advocacy organisation. It was established to ensure the representation of Victorian consumers, in policy and regulatory debates on electricity, gas and water. In informing these debates, CUAC monitors grass roots consumer utilities issues with particular regard to low income, disadvantaged and rural consumers.

We welcome the opportunity to comment on the Australian Energy Regulator's (AER)'s Issues Paper Developing National Hardship Indicators (April 2010) (Issues Paper). National Hardship Indicators are a core component of the performance regime under the National Energy Customer Framework (NECF). Under the NECF, the set of National Hardship Indicators to be developed are to cover entry into hardship programs, participation in hardship programs, and assistance available and assistance provided.[1]

General Comments

We note that in the development of these National Hardship Indicators, hardship is considered within the context of a customer's inability to pay his/her energy bills. The number of customers experiencing hardship as reported through National Hardship Indicators will be a smaller subset that the actual number of customers experiencing hardship. The numbers reported are also dependent on the customer's self-identification to his/her retailer, retailer or third party identification. CUAC is of the view that the provisions of the NECF should be designed to enable retailers to: (a) develop systems and processes that assist to prevent consumers from requiring hardship assistance; and (b) provide additional assistance under hardship programs to allow households to remain on supply.

[1] Rule 306, National Energy Retail Rules (NERR).

The development of National Hardship Indicators is crucial as they measure whether energy retailers are doing enough to assist customers experiencing financial difficulties and whether the assistance rendered to their customers is effective. As the Energy Affordability Report[2] will provide this context, it is important for the AER to consult with consumer groups on the contents of the report. CUAC is of the view that a measure of whether a hardship program is effective or not is whether customers exited their respective programs with a substantially reduced debt and a greater awareness of managing energy consumption and cost. The most effective hardship program would result in a customer exiting the program with zero debt owed to the energy retailer.

CUAC notes that as it is the energy retailer's hardship programs which the indicators are measuring, we submit that it may be more appropriate to refer to the indicators as National Hardship Program Indicators rather than National Hardship Indicators. Nevertheless, for the purposes of this submission, we have used the term National Hardship Indicators.

The National Hardship Indicators, however, cannot be examined in isolation from the other performance indicators which are to be developed, especially those related to financial difficulties (for example, payment plans, and disconnection for non-payment). No single National Hardship Indicator or performance indicator will be a definitive measure of performance. A range of indicators needs to be considered to obtain an accurate picture of what is happening in the energy retail market.

We note that the Queensland Council of Social Services (QCOSS) is developing a report on a recommended set of national performance indicators including National Hardship Indicators for public reporting. The report would be useful for the AER's work in this area. We note that the AER's proposed set of National Hardship Indicators in the Issues Paper is based on the current Victorian indicators except for four.[3] We are generally supportive of the AER's proposed set of national hardship indicators in the Issues Paper. However, we believe that there are some areas which require further clarification and work. Our comments on the Issues Paper follow:

Proposed hardship provisions under the National Energy Customer Framework
Monitoring retailers' performance regarding their hardship policies

We refer to section 3 (pages 1-3) of the Issues Paper. We draw the AER's attention to CUAC's submission to the second exposure draft of the National Energy Customer Framework (NECF 2), where we recommended amendments to the customer hardship and payment difficulties provisions in the NECF, in particular Part 2 Division 6, of the National Energy Retail Law (NERL) and Part 3 of the National Energy Rules (NERR). In response to section 3 of the Issues Paper, CUAC reiterates the comments made in its NECF submission. CUAC notes that proposed amendments to the NECF are outside the scope of the Issues

---

[2] Rule 1002, National Energy Retail Rules (NERR).

[3] Measure energy concessions rather than concession card holders;
Not report on third party referrals to the hardship programs;
Not report on the average length of participation in a hardship program;
Not report on specific assistance like energy audits and appliance replacement.

Paper. However, CUAC is of the view that such policy responses to the NECF are important to raise for consideration of regulators.

- All references to 'hardship customer' throughout the NECF must be amended to 'customer experiencing hardship.' The language used in hardship programs and in communications with customers must be respectful of their personal dignity and self worth. The term 'hardship customer' is inappropriate because it narrowly defines a customer's experience. Customers may experience hardship on a temporary, ongoing or sporadic basis and hardship assistance must be flexible enough to accommodate these circumstances.

- AER approval of retailers' customer hardship policies will not, of itself, provide an adequate safeguard that retailers have robust and adequate hardship policies. Amendments must also be made to the sections outlining the purpose of a hardship policy (section 225(2), NERL) and to the minimum requirements for (section 226, NERL) a hardship policy. This is critical as the AER is to have regard to the likelihood of a retailer's hardship policy achieving the purpose as set out in section 225(2) and whether the minimum requirements in section 226 are met, in deciding whether to approve a hardship policy. It is CUAC's view that the purpose of a hardship policy is not merely to assist customers experiencing hardship to better manage their energy bills on an ongoing basis, but to ensure that customers who are participating in a hardship program are not disconnected solely due to an inability to pay their energy bills.

- The minimum requirements for a hardship policy must draw from the expertise from the Committee of Melbourne's Utility Debt Spiral Project,[4] which was partly funded by CUAC. The minimum requirements of section 226, NERL, must also include: Flexible payment methods, including Centrepay; review of customer tariff and terms and conditions; review customer's current consumption and where appropriate provide personalised assistance to better manage consumption; development of options to assist future payments, including incentives, discounts etc; development of referrals to local support services; suspension of disconnection, debt collection, legal action while consumers are participating in the hardship program; clearly articulated and communicated hardship policy; and details of internal and external dispute resolution schemes.

- Third parties (for example: financial counsellors, welfare agencies, emergency support services, authorised representatives of the customer, etc) play an important role in assisting and identifying customers who are experiencing payment difficulties due to hardship. Section 226(a), NERL, must be amended to include identification by relevant third parties with the consumer's consent. It is difficult for a person who is experiencing financial difficulties to self-identify as someone who is experiencing hardship. They may be uncomfortable or embarrassed or unaware of the assistance available to them. In view of the large power imbalance (between themselves and

[4] Committee for Melbourne, Utility Debt Spiral Project (November 2004). A copy is available on http://www.cuac.org.au/database-files/view-file/2264/

their retailer), they may be afraid of self-identifying as experiencing hardship because they are uncertain about the response they would receive from their retailer.

- The general principle regarding disconnection (section 229, NERL) must be amended to uphold the fundamental principle that no one should be disconnected solely due to an inability to pay their energy bills.

- Due to the critical nature of hardship, retailers' customer hardship policies must undergo AER compliance audits, and not merely performance audits.

Section 5, Purpose and objective of the National Hardship Indicators

Q 1. What are stakeholders' views on the appropriateness of the purpose and aims of the National Hardship Indicators as set out above? What else, if anything, should the indicators seek to achieve?

We support the proposed purpose and aims of the National Hardship Indicators. However, we recommend an expansion to the third dot-point on page 12 of the Issues Paper to include a reference to policy development:

Inform interested stakeholders (including Government, regulators, industry participants, consumer groups and the wider community) about the performance and progress of retailers in this area<u>, for secondary data analysis and to support the development of good policy.</u>

Section 6, Possible National Hardship Indicators
Entry into hardship programs
Total number of customers currently on the hardship program

Q 2. Do stakeholders support the inclusion of this indicator? Please set out your reasons why/why not.

Q 3. What are stakeholders' views on the definition and timing issues raised in relation to this indicator?

We support the inclusion of this indicator for the reasons set out on pages 13-14 of the Issues Paper. It provides an overview of retailers' activity in this area and it also provides a baseline against which other indicators are measured.

Our view is that 'on the hardship program' refers to someone who has been accepted into, and who is participating, in the retailer's hardship program. Electricity and gas customers, who require hardship assistance for both electricity and gas accounts, should be reported twice, as well as in a distinct category. Otherwise the data will not reveal how many customers require hardship assistance for both gas and electricity accounts. Further, a customer might have separate retailers for both fuels. For example;

- # Customers on gas hardship program
- # Customers on electricity hardship program

- # Customers on both gas and electricity hardship programs

We support more frequent collection (monthly) and reporting (at least, quarterly) of data. Monthly collection would be consistent with the Victorian reporting requirements[5] and would allow for seasonal trends to be identified. We support the collection and reporting of data on a state-by-state basis as per retailer. However, data should be aggregated to a national level as well since that would provide some indication of a retailer's performance on a national level.

We also support having a specific date for retailers to collect and record this information against (that is, number of customers on a hardship program at a certain date).

Number of hardship program participants who receive any appropriate Government energy concessions

Q 4. Do stakeholders support the inclusion of this indicator? Please set out your reasons why/why not.

Q 5. What are the views of stakeholders on any definition and timing issues raised in relation to this indicator?

In Victoria, data is reported on the number of concession cardholders who are in hardship programs. However, we support the inclusion of the AER's proposed indicator, 'number of hardship program participants who receive any appropriate Government energy concessions,' for the reasons set out on pages 15-16 of the Issues Paper.

Further, it appears that only a retailer is well positioned to have access to data on the number of hardship program participants who receive an appropriate Government energy concession. In Victoria, the Department of Human Services, for example, would have data on the number of people who are in receipt of a Government concession, but they may not have data on how many people receiving a concession are in a retailer's hardship program. We agree that data on the number of hardship program participants who are in receipt of a concession may provide insight as to how retailers are performing in relation to identifying customers who may be experiencing hardship and whether they are advising hardship customers about appropriate Government concession schemes.

It appears that this proposed indicator is meant to replace the Victorian indicator on the number of hardship program participants who are concession cardholders. In some jurisdictions, not all concession cardholders are eligible for an energy concession. Therefore, the number of hardship program participants who are concession cardholders is a broader measure of vulnerability. CUAC believes that more research by the AER is required as to whether it would be beneficial to include the number of hardship program participants who are concession cardholders in the National Hardship indicators.

---

[5] Essential Services Commission, Information Specification (Service Performance) for Victorian Energy Retailers (June 2008).

We support monthly collection and quarterly reporting of data on the number of hardship program participants who receive any appropriate Government energy concessions.

Number of customers entering the hardship program

Q 6. Do stakeholders support the inclusion of this indicator? Please set out your reasons why/why not.

Q 7. What are stakeholders' views on any definition and timing issues raised in relation to this indicator?

We support the inclusion of this indicator for the reasons set out on pages 16-17 of the Issues Paper.

We support monthly collection and quarterly reporting of data on the number of customers entering the hardship program.

Third party referrals to hardship programs

Q 8. What are stakeholder views on the advantages and disadvantages of monitoring third party referrals to retailers' hardship programs under our compliance regime rather than as part of the national hardship indicators?

As mentioned on pages 3-4 of our submission, third parties (for example: financial counsellors, welfare agencies, emergency support services, authorised representatives of the customer, etc) play an important role in assisting and identifying customers who are experiencing payment difficulties due to hardship.

The level of awareness about hardship programs is low, especially amongst some groups in our community. In CUAC's experience, consumers from Indigenous communities and those from rural/regional areas are not informed or as well informed about hardship programs or the means to access these programs. Often, they learn about hardship programs or access these programs through a third party, such as a financial counsellor or social worker.

While this indicator must be considered carefully and in concert with other indicators, CUAC believes that third party referrals to hardship programs is a useful inclusion in the National Hardship Indicators. CUAC acknowledges that high numbers of third party referrals may be positive, showing strong working relationships between retailers and financial counsellors/social workers. On the other hand, where third party referrals comprise a particularly large proportion of hardship program participants, and where overall hardship program participation is low, this indicator would suggest that a retailer may need to improve customer awareness of hardship programs, provide additional opportunities for self-identification by customers, or improve the retailer's own mechanisms for identifying customers experiencing hardship. AER public reporting on this indicator should include an explanation of the indicator's purpose, directing readers to consider the indicator in the context of other relevant indicators.

Page 18 of the Issues Paper also stated that the AER would be monitoring third party referrals as part of its compliance regime. It is unclear how this will be monitored if data is not collected and reported on third party referrals. CUAC also notes that under NECF 2, there is no specific requirement for a retailer's customer hardship policy to undergo AER compliance audits.

Number of customers denied access to the hardship program

Q 9. Do stakeholders support the inclusion of this indicator? Please set out your reasons why/why not.

Q 10. How should "denied access" be defined if this indicator is adopted?

Fundamental to this issue is how a retailer assesses a customer's capacity to pay to ensure that customers experiencing hardship are not omitted from its hardship program. We support the inclusion of this indicator for the reasons set out on pages 18-19 of the Issues Paper.

This indicator will be more meaningful if information is recorded as to why customers are 'denied access,' or why they do not meet the eligibility criteria. For example: whether the customer was denied access because he/she had been on the hardship program before and had been removed from the program because of non-compliance; whether the customer's income bracket was too high; whether the customer failed two payment plans within the last 12 months etc.

A definition of 'denied access' is required. Otherwise, 'denied access,' could be interpreted to include customers who have been unable to contact the hardship team. The latter is different as it measures whether customers are able to contact the hardship team easily.

Summary of proposed "Entry into hardship program" indicators

Q 11. What are stakeholders' views on the overall effectiveness of the above four indicators in measuring the entry into hardship programs?

Q 12. What other indicators, if any, should the AER consider adopting that would also be effective at assessing entry into hardship programs and why?

The 'entry into hardship program' indicators must be considered in conjunction with the other National Hardship Indicators and performance indicators.

The 'entry into hardship program' indicators would not capture data on customers who try to seek access to a hardship program but somehow are not referred to the hardship team by the call centre. This is an issue which the AER could undertake some research on.

Hardship program participation and assistance
Average debt upon entry into the hardship program

Q 13. Do stakeholders support the inclusion of this indicator? Please set out your reasons why/why not.

Q 14. What are stakeholders' views on how 'debt' should be defined and on the timing issues raised in relation to this indicator?

We are pleased that the AER would be examining as part of its hardship policy approval role, the processes retailers have for identifying customers experiencing hardship and the thresholds applied by retailers.

As hardship in this context is difficulty in paying energy bills, debt is an appropriate indicator to be included in the National Hardship Indicators. We agree with the reasons set out on pages 20-21 of the Issues Paper for having an indicator on debt upon entry into a hardship program.

Because a small number of extremely large debts may skew mean figures, CUAC suggests that the *median* debt upon entry be measured and reported. We also believe that a breakdown of debt upon entry into several tiers (as discussed in QCOSS' forthcoming report) would provide useful information for policy development.

We support the definition of 'debt' in the Issues Paper. That 'debt' should be defined as the dollar amount which has been outstanding to the retailer for a period of 90 days or more.

We support more frequent collection monthly and reporting (at least, quarterly) of data. Debt measures may, however, need to be collected on a quarterly basis to allow for changes in debt levels to appear in the data.

Average debt upon exit from a hardship program

Q 15. Do stakeholders support the inclusion of this indicator? Please set out your reasons why/why not.

Q 16. What are stakeholders' views on the alternative approach considered, i.e. where retailers would report, for those customers exiting the hardship program, both the average level of debt when they entered the hardship program and what it was upon exiting the program? Please set out any reasons why you would or would not support the inclusion of this indicator and any practical issues that may arise in collecting and reporting this data.

Instead of 'average debt upon exit from a hardship program', we suggest a 'tiered' approach and a 'median' figure for the reasons outlined in our response to Q13-Q14. In addition to defining what 'exit' means, we suggest that the AER consider some refinement of this indicator. This is because the proposed indicator, 'average debt upon exit from a hardship program,' would include customers who have successfully completed the hardship program and presumably leaves the program with the retailer's agreement, as well as customers who have exited the program because of non-compliance.

An effective hardship program should assist customers to move towards a sustainable outcome where they are able to pay for their continuing consumption. An indicator of an effective hardship program would be number of customers who leave the hardship program with zero debt to the energy retailer. We suggest that this could be included as a National

Hardship Indicator. In CUAC's experience, it is difficult to regard an exit as successful if the customer leaves the hardship program with a higher debt than debt upon entry into the program.

We agree that a change in a customer's personal circumstances may account for a higher level of debt upon exit of the hardship program. However, the type of hardship assistance offered by a retailer to a customer would also determine the amount of debt the customer leaves the hardship program with. For example, if the hardship program includes an incentive scheme whereby the retailer matches a customer's instalment payments, then there is a higher probability than the customer's debt would be lower upon exit of the program. As for the management of on-going usage, if free onsite energy audits are included in the hardship program, there is a higher likelihood that a customer exiting the program would have a better comprehension of how to minimise energy bills.

We also see value in the alternative approach proposed by the AER in the Issues Paper because this would enable a direct comparison of debt levels for the same cohort of hardship customers both before and after their participation in the hardship program. It would be a more meaningful indication as to how effective a hardship program is in reducing a customer's debt level.

As mentioned above, we support more frequent collection (monthly) and reporting (at least, quarterly) of data. However, debt measures may need to be collected on a quarterly basis to allow for changes in debt levels to appear in the data.

Average length of participation in hardship programs

Q 17. What are stakeholder views on whether this indicator should be included as part of the National Hardship Indicators? Please set out any additional benefits that would arise from collecting this data, in particular what this indicator would tell us and why it is an important measure to collect.

The average length of time a customer remains on a hardship program is not a good indication on how effective a hardship program is. The length of time a customer remains on a hardship program depends on a number of factors, including the debt level upon entry into the program. Also, the personal circumstances of each customer varies; some may require more long term assistance while others temporary assistance. An increase in the average length of time in a hardship program may indicate that a retailer is offering more ongoing assistance or it might mean that the assistance offered is insufficient.

Some indicators of an effective hardship program would include: the level of debt upon exiting the program; whether the customer was disconnected within 24 months of exiting the program; whether the customer experienced multiple disconnections upon exiting the program; the ability of the customer to pay for ongoing consumption upon exiting the program; whether the customer's consumption reduced substantially upon exiting the program (for example, this could be the result of the customer receiving energy efficiency appliances offered as part of the program; energy efficiency advice; free onsite energy audits etc).

Rather than the 'average length of participation in hardship program,' we suggest including an indicator that looks at customers who have remained on the hardship program for a long duration. For example, customers who have been on the hardship program for more than two years. This would highlight customers who need more long term assistance. A high number recorded might indicate wider energy affordability issues.

Total number of customers exiting the hardship program and the number of customers excluded from the hardship program for noncompliance with program requirements

Q 18. Do stakeholders support the inclusion of this indicator? Please set out your reasons why/why not.

We support the inclusion of this indicator for the reasons set out on pages 23-24 of the Issues Paper.

We submit that both the total number of customers exiting the hardship program and those excluded for non-compliance should be separately recorded. We also suggest defining what 'exiting the hardship program' means. The AER should clarify that this refers to customers who have successfully completed a hardship program and presumably leave with the retailer's agreement, and therefore excludes customers who are excluded for non-compliance.

The type of financial hardship assistance offered by a retailer would have a material impact on whether a participant is able to successfully complete a hardship program or not. For example, a hardship program participant should be offered more assistance than just a payment plan to manage payments. This includes flexible payment options (including payment by Centrepay), incentive schemes whereby a retailer matches payments made by a hardship program participant, as well as free onsite energy audits and appliance upgrades/replacements to educate the household about energy efficiency.

Data indicating high levels of exclusion may suggest that retailers have onerous conditions imposed upon participants in their hardship programs or that changes in the personal circumstances of their customers following admission into a program have not been factored into the ongoing hardship assistance provided. The type of assistance offered to customers on a hardship program must be realistic and achievable for that customer. Otherwise, a participant will not be in a position to successfully complete the program. Retailers must be flexible and responsive to the needs of individual customers on their hardship programs. They should review each customer's account on a regular basis so that any changes to the personal circumstances of the customer can be taken into account in the type of assistance extended to that customer.

By itself, exit from a hardship program with the retailer's agreement, is not an indication that the retailer extended to the customer all appropriate or acceptable options available under its hardship program or that an accurate assessment has been made of a customer's capacity to pay. It is therefore not a definitive measure of whether a hardship program is effective. There may be instances where a customer has no choice but to leave the hardship program because he/she is unable to meet the continuing requirements of the program.

Further, unless the customer's current retailer objects (and that may depend on the level of debt), a customer in a hardship program could transfer his/her energy account over to another retailer. In doing so, he/she would have left or exited his/her previous retailer's hardship program.

Number of customers who were disconnected during the reporting period and who have been on a hardship program in the previous 24 months

Q 19. Do stakeholders support the inclusion of this indicator? Please set out your reasons why/why not.

Q 20. What are stakeholders' views on the potential limitations of this indicator and the timing issues raised?

We support the inclusion of this indicator for the reasons set out on pages 24-25 of the Issues Paper. The rate of disconnections, especially of vulnerable customers, is considered a key indicator on the performance of energy retailers. In CUAC's view, retailers must help customers with payment difficulties avoid disconnection by assessing them for their hardship programs, offering them payments plans which take into account their capacity to pay and Government assistance. Retailers must ensure that customers are not disconnected solely due to an inability to pay their bills.

We strongly support reporting against 24 months rather than 12 months. This allows the development of customer history and takes into account the time frame required in the disconnection process.

As mentioned on page 3 of our submission, the purpose of a hardship program is not merely to assist customers experiencing hardship better manage their energy bills on an ongoing basis, but to ensure that customers who are participating in a hardship program are not disconnected solely due to an inability to pay their energy bills. If data collected reveals that a large number of customers previously on a hardship program had been disconnected within 24 months, this could indicate that the hardship assistance offered to these customers was inadequate.

We note the limitations of the proposed indicator, that is, it would not capture customers who subsequently switch retailers. However as previously mentioned, no single indicator is definitive and must be considered in context with the other indicators. For example, a large number of disconnections within 24 months of customers exiting the program with large debts might indicate that retailers are taking customers off hardship programs too early.

As mentioned above, we support more frequent collection monthly and reporting (at least, quarterly) of data.

Number of customers who, during the reporting period, were reconnected within seven days of being disconnected and who have been on the hardship program in the previous 24 months

Q 21. Do stakeholders support the inclusion of this indicator? Please set out your reasons why/why not. The AER is particularly interested in stakeholders' views on the benefits of collecting this data and what the trends in this indicator would tell us about retailer performance.

We support the inclusion of this indicator for the reasons set out on pages 25-26 of the Issues Paper. A critical indicator of the effectiveness of hardship programs is the extent to which customers are disconnected and reconnected in the same name at the same address. Reconnections at the same address suggests that customers may (even after 'exiting' the hardship program) be struggling to make payments.

Summary of proposed "Hardship program participation and assistance" Indicators

Q 22. What are stakeholders' views on the effectiveness of the above five indicators in measuring hardship program participation and assistance?

Q 23. What other indicators, if any, should the AER consider adopting that would be more effective at assessing hardship program participation and assistance?

Q 24. What are stakeholders' views on the overall scope of the proposed set of National Hardship Indicators as a whole and whether they will, as far as possible, assess the impact of retailers' hardship policies?

Q 25. What other information or indicators from other jurisdictions or industries could the AER draw on or consider when developing the National Hardship Indicators?

It is useful to have indicators which measure the success of hardship program. We understand that QCOSS's submission to this Issues Paper will include a success rate measure for a hardship program:

$$\frac{\text{customers in program at end of period + customers successfully completing during the period}}{\text{customers in program at end of last period + customers entering the program during the period}}$$

This formula could provide a useful basis for the AER to consider what a success rate measure for a hardship program might look like.

It would be useful to include indicators on what assistance retailers have provided to customers on their hardship programs. Rather than prescribing the type of assistance, it might be useful to have retailers self-report since the range of assistance they offer differs. However, there must be parameters as to how this is reported as there is the potential for over reporting. For example, self-reporting could be measured against the hardship customer base and against the number of customers to which the assistance was available. The data reported must also be auditable. From the information reported, stakeholders will be able to assess the nature and extent of assistance rendered by each retailer.

It is also important to take into account the whole suite of assistance which retailers extend to customers before they enter into a hardship program. Some retailers may be proactively identifying and assisting customers with payment difficulties early on in the debt cycle and therefore have fewer customers entering their hardship programs. This includes measures such as payment extensions, payment plans, Centrepay, bill smoothing, reassignment customers to a lower tariff, energy audits, successful applications for Government concessions, utility relief grants/subsidies etc.

As mentioned above, each indicator is not definitive but has to be considered together with the other National hardship Indicators and with the other performance indicators, in particular, those which measure other assistance which retailers provide to their customers with payment difficulties.

Reporting requirements

Q 26. What are stakeholders' views on the proposed reporting requirements?

Q 27. What concerns, if any, do stakeholders have regarding the ability to report data against the proposed indicators, and any costs associated with the reporting requirements?

We have in our submission addressed the questions raised on page 28 of the Issues Paper.
We note that sections 1213 and 1214 of the NERL, requires the AER to publish a retail market performance report which includes 'a report on the performance of retailers by reference to the national hardship indicators.'

CUAC submits that for some performance indicators, annual reporting is inadequate. Annual reporting would not allow early identification of areas for concern and systemic issues. It would not facilitate prompt redress and action by retailers. As previously mentioned, in relation to the National Hardship Indicators, we support more frequent collection (monthly) and reporting (at least, quarterly) of data.

We support the collection and reporting of performance indicators on a state-by-state basis as per retailer. However, it would be useful if this could be aggregated to a national level as well since that would provide some indication of a retailer's performance on a national level.

CUAC would also like to comment on the manner of public reporting on National Hardship Indicators. This data should be presented in a manner that, as far as possible, is readily understandable to a wide range of stakeholders. At the same time, data should be reported (or otherwise made available) in a way that permits effective use and secondary analysis. For example, graphical representations of data should include data labels, or should be accompanied by tables with all figures included. This allows stakeholders to cite or analyse figures of interest that might not be discussed in the report's text commentary, to calculate changes over reporting periods, and so on.

As mentioned in our submission, there are some terms which require definition such as 'denied access,' and 'exiting' a hardship program. In our response to Q2-Q3, we submitted that the gas and electricity hardship customers should be separately reported, as well as in a distinct category if the customer is on both gas and electricity hardship programs.

To obtain a more accurate picture of how retailers are performing, retailers' jurisdictional obligations (for example, the community service obligations) must also be reflected in public reports which are readily accessible to the public. As jurisdictional matters will be outside the scope of the AER, CUAC is concerned that such data will be lost or unreported. In Victoria, for example, wrongful disconnection payments are included in the Essential Services Commission's (ESC)'s, Energy Retailers Comparative Performance Report – Customer Service 2008-09 (December 2009). A retailer is required to report on instances where it has compensated a customer for wrongfully disconnecting energy supply; that is, failing to comply with the terms and conditions of the contract specifying the circumstances in which supply can be disconnected. This data is crucial and should be reflected in any performance reports issued by the AER, as it indicates how a retailer is performing. CUAC submits that all data relevant to a retailers' performance under the NECF and jurisdictional obligations, should be contained in one report. This makes it accessible to the public and allows the reader to assess a retailer's performance accurately from reading just one report.

The consumer experience of retailer's hardship policies

Q 28. What are stakeholders' views on the benefits and usefulness (or otherwise) of seeking case studies or examples of good practice from retailers which highlight the consumer experience of participating in retailers' hardship programs?

We support the use of real life de-identified case studies illustrating consumer experience of hardship programs. However, case studies should not detract from the data provided by the indicators and are not a substitute for performance reporting. Case studies could show what hardship assistance has been particularly effective for the customer.

If you have any queries on this submission, please do not hesitate to contact Deanna Foong on 0396397600.

For, Jo Benvenuti
Executive Officer