

29 April 2016

Mr Simon Kidd  
Assistant Director Retail Markets Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne Vic 3001

*Via email: simon.kidd@aer.gov.au*

Dear Simon,

Thank you for the opportunity to provide additional feedback on the Draft *AER Sustainable Payment Plans Framework*.

The Energy & Water Ombudsman NSW investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers.

EWON's responses to the additional consultation paper are provided below. For ease of reference we have responded directly to the numbered issues listed in the paper.

## **2.1 Published retailer list**

EWON strongly supports the AER's initial view that a published list of retailers who have adopted the Framework would be beneficial, as it would:

- be useful to customers and their representatives;
- provide positive recognition for retailers who adopted the framework;
- promote transparency and accountability; and
- be more effective in improving standards across the sector than alternative approaches such as releasing the framework as a general guideline.

It has generally been reported that retailer's hardship policies, and other easy to read information about assistance for customers experiencing payment difficulties, can be difficult to find on some retailer's websites<sup>1</sup>.

The AER has also previously identified that consumer awareness about their rights, and awareness about the existence of retailer payment assistance programs generally, was a central challenge in responding effectively to energy affordability<sup>2</sup>.

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<sup>1</sup> Essential services commission Victoria, *Supporting customers, avoiding labels* Energy Hardship Inquiry – Final Report, p17; AER *Review of energy retailers' customer hardship policies and practices*, January 2015, p4

<sup>2</sup> AER *Review of energy retailers' customer hardship policies and practices*, January 2015, p3, p17

EWON considers that as the Framework is to be voluntary, maintaining a published list of retailers would be crucial to promoting public awareness about kind of assistance provided by energy retailers and to encourage retailers to adopt best practice.

EWON notes the concerns raised by some retailers that:

*“Retailers who didn’t adopt the framework would be disadvantaged, as negative inferences could be drawn from their absence from the list.”<sup>3</sup>*

EWON agrees and strongly argues that this is a very good reason to publish the list of Framework adoptees.

EWON further recommends that, in addition to a published list, retailers that agree to adopt the Framework should be required to:

- publish a statement on their website confirming that their current policies and processes comply with the Framework, with a link to those policies; and
- include a statement that the retailer is committed to the Frameworks good practice principles and processes in any letter sent to customers containing the details of a new payment plan.

## 2.2 Implementation transition period

EWON supports the AER’s intention to publicly release the final framework by 1 July 2016.

EWON also supports providing retailers with a period of up to four months to update their policies, training programs and processes, prior to publishing the list of retailers who have adopted the framework.

## 2.3 Starting with ‘What can you afford?’

EWON recognises that effective conversations with customers about payment difficulties will often require a flexible approach.

Asking a customer to talk about their current circumstances and discussing any changes to their energy usage could be appropriate starting points for these conversations. EWON also suggests that providing the customer with information about the retailer’s hardship policies, and explaining what kinds of information the customer may be asked to provide, would also be potential starting points.

However, EWON considers that it is crucial that the Framework’s good practice guide chart ensures retailers approach these discussions in line with the good practice principles set out in the Framework: empathy, respect, flexibility and consistency. For example, it is essential that a retailer has listened to what the customer is telling them about their circumstances and what the customer can afford to pay before negotiating the details of a payment plan.

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<sup>3</sup> DRAFT AER Sustainable Payment Plans framework, Issues for additional consultation, April 2016

EWON recommends that the Framework's good practice guide chart must still prompt retailers to ask the customer 'What can you afford?', and allow the customer an appropriate amount of time to consider their response, before a particular level of assistance is discussed.

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.

Yours sincerely

A handwritten signature in blue ink that reads "Janine Young". The signature is written in a cursive, flowing style.

**Janine Young**  
**Ombudsman**  
**Energy & Water Ombudsman NSW**