

24 February 2010

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Australian Energy Regulator
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Thank you for the opportunity to comment on the draft Guidance on AER approval of customer hardship policies December 2010.

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

EWON believes that the draft Guidance provides a comprehensive overview of the essentials that a retailer will need to meet in order to ensure that a customer hardship program meets the obligations under the Retail Law and Rules.

We consider that the seven key areas identified in section three of the draft paper are a clear overview of the elements which provide for a successful hardship program.

3.1 Processes to identify customers experiencing payment difficulties

EWON would particularly emphasise the need for retailers to facilitate self identification by customers alongside internal mechanisms that allow identification by the retailer. EWON would also strongly endorse the relevance of the proposals for customers using a prepayment meter.

3.2 Processes for early responses by retailers

Assistance and support at the earliest possible point after identification is important for the establishment of an ongoing relationship with a customer in financial hardship.

3.3 Flexible payment options

The essential ingredient to the success or otherwise of a flexible payment arrangement is the engagement of the customer in the design of the plan so that it is affordable and sustainable rather than a 'take it or be disconnected' type payment arrangement.

3.4 Identifying appropriate government concession programs and financial counselling services

This aspect of a hardship program will assist to ensure a broad range of assistance measures are able to be accessed by customers.

3.5 Programs that the retailer may use to assist hardship customers

EWON's experience is that there is a real value in the differing approaches that can be offered to meet different customer needs. Payment incentives may suit some customers, while waiving of some debt may be a factor in ensuring on going success for another customer in managing their bills. Different approaches need to be advised to the regulator so that best practice can be identified and shared for the benefit of hardship customers.

3.6 Process to review the appropriateness of hardship customers market retail contracts
EWON endorses the approach described in this section.

3.7 Strategies to improve energy efficiency

Given that network charges are a significant part of the energy bill, efforts to control consumption can have a limited contribution to a customer in hardship. Further, a simple energy audit without programs to rectify energy inefficiency, eg an old fridge or other appliances, may be of reduced value. Despite these concerns, energy efficiency programs are an important part of a comprehensive hardship program

General Comment

An aspect of hardship program approval that is not explicit but that would be important from EWON's perspective would be a check or confirmation that all or at least the greater bulk of the hardship program is on offer to all customers. It is important that geographic, jurisdictional or social circumstances are not a barrier for a customer's access to the primary benefits of a successful hardship program.

Finally, for customers in hardship such programs may need to provide a number of 'second chances'. EWON's experience is that failure of a payment plan and even disconnection can play a role in a more focussed effort to resolve the problem of energy costs. A hard line on perceived 'failure' by customers is not a positive approach in this area of activity.

If you would like to discuss this matter further, please contact me or Chris Dodds, Senior Policy Officer on 82185250.

Yours sincerely



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