

Scoping an effective voluntary industry guideline for helping households manage their energy usage and bills

Prepared by the Moreland Energy Foundation for
Energy Consumers Australia (ECA)

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We are constantly stressing the need for clear and simple communications from retailers, advocacy groups and regulators, in that spirit this report will be written with the minimum amount of: jargon, acronyms, technical terminology and syllables.

Executive Summary

Moreland Energy Foundation (MEFL) was engaged by Energy Consumers Australia (ECA) to develop an approach to an effective voluntary industry guideline with the objective of helping households manage their energy usage and bills. This work flows from ECA's broader [Power Shift](#) research project funded by the Commonwealth Government.

This report will highlight Areas of Focus and Recommendations that have been identified by the energy sector, through a series of interviews, as being relevant to the development of any voluntary guidelines. All interviews were conducted in the understanding that any comments would not be attributed to the interviewee to allow for a candid and open conversation. These recommendations and areas of focus have been developed to create benefit to all stakeholders, particularly the consumer.

To formulate these recommendations MEFL undertook interviews with representatives from across the sector and a review of existing practices and hardship programs within the sector. Whilst we are aware that some of the recommendations are currently being implemented (in part or in whole) within the industry, we have included them within this report to provide guidance to all stakeholders regardless of current practice. While some recommendations may not be supported by every participant engaged as part of this project, the final recommendations provided enjoy the consensus support of interviewees which will assist the delivery of guidelines.

The most obvious issue that emerged from the work was how little most retailers knew about their consumer demographics and how a better knowledge of the consumer would allow for a greater tailoring of products and offerings for the consumer. One of the primary areas of focus for the guidelines is to learn more about the consumer and is central to the effectiveness of all other recommendations within this report.

While this is addressed in detail in the report a simple example is: by knowing a consumer's age it is possible to know if they should be getting a concession and to see if they are in fact getting it - if not the retailer can contact the consumer and put the concession in place. A win for the consumer financially and a win for the retailer through good service delivery and, most likely, consumer loyalty.

We understand that there are issues around privacy and data gathering that may affect the ability to implement some recommendations and that privacy laws and regulations are complex and varied across different jurisdictions. However, we believe it is worthwhile to explore these actions due to the potential benefits arising from it. This level of information need not be intrusive and should be

subject to conditions that limit the use of the information to provide a better service to the consumer.

The areas of focus and recommendations contained within this report are not rocket science. They are logical, simple, and practical, and provide benefit to everyone involved if delivered well. Each recommendation is inherently consumer-focused but shares benefit to everyone within the sector through: more efficient (less costly) consumer interaction, improved reputation, greater customer retention, reduced consumer debt levels, fewer complaints and early intervention reducing the need for larger scale intervention.

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Improving the consumer experience is an opportunity for the retailer to: reduce debt levels, protect revenue, ensure consumer loyalty and retention, and build a reputation in the market that should be a competitive advantage.

Recommendations summary

Guidelines Framework

The overwhelming feedback from retailers was that any guidelines should be part of an existing framework rather than a new stand-alone mechanism. The recommendation coming from the retailers was that the voluntary guidelines should be a part of the [Energy Charter](#). An interview with an Energy Charter representative indicated that this would be possible and demonstrated the value of the Energy Charter. Currently retailers representing 85% of the market are signed up to the Energy Charter.

Guidelines Recommended Areas of Focus

The following is a summary of the areas of focus and recommendations for the voluntary industry guidelines, and have been informed through stakeholder interviews and review of current industry practice. They have been developed to be practical and reasonably easy and low cost for retailers and other stakeholders to implement.

1. Area of focus – Consumer Relationship
 - Build trust with the consumer
 - Collect relevant information to provide a better service
 - Provide tailored solutions based on the collected information

 2. Area of focus – Information Provision
 - Develop simpler bills through co-design
 - Develop other communication options
 - Provide services to help consumers with forms where possible
 - Proactively identify and apply eligible concessions
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3. Area of focus – Silent Hardship
 - Explore technology solutions to identify people in silent hardship
 - Improve communications with consumers
 - Improve terminology to encourage participation
 - Take recommendations from community groups

4. Area of focus – Energy management
 - Make energy management information easier to find
 - Make information available in different languages
 - Promote appliance replacement programs

5. Area of focus – Working together

We acknowledge that the energy sector is changing rapidly with new technology, regulation and policy causing changes to industry practice. Further, requirements of consumers and retailers vary greatly across Australia and its regulatory environments. We do not believe this changes the basic idea that providing good service to your consumer is an advantage to the consumer, the retailer, the regulator and advocacy groups. How we can do it better is the question we strive to answer.

Based on the interviews we conducted, the review of existing programs and the outcomes from the LIEEP programs, one of the most effective ways to improve customer trust and service uptake is to partner with existing organisations that already have a trusted position in the community. This is already happening with some retailers.

There is also an issue of building trust within the industry itself. We are making these recommendations from a viewpoint that central industry stakeholders have the best interests of the customer at the heart of their policy and program development. If we do not accept this premise the guidelines will most likely be less effective as will any future advocacy actions, and many of the equity issues we see today could be magnified.

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1. Background

The Moreland Energy Foundation (MEFL) was engaged by Energy Consumers Australia (ECA) to develop an approach to an effective voluntary industry guideline with the objective of helping households manage their usage and bills.

This report will highlight Areas of Focus and Recommendations that have been identified by the energy sector (retailers, regulators and advocates) as being relevant to the development of any voluntary guidelines. These recommendations and areas of focus have been developed to provide benefit to all stakeholders, in particular the consumer.

This work flows from ECA's research project, [Power Shift](#), which was funded by the Commonwealth Government. The Power Shift project began with an in-depth examination of the Low-Income Energy Efficiency Projects (LIEEP). These projects focused on energy and emission reduction in low-income households as well as the best methods to assist with energy management within the home. The LIEEP programs provided insight into what initiatives and communication options were most effective in reaching people and providing positive outcomes as well as highlighting behavioural insights that provide an opportunity to develop more effective policies and programs. The project found:

- There is no one-size-fits-all solution and projects need to be tailored and delivered according to the needs and circumstances of the participants.
- There is a low level of trust from most consumers in the industry and the government. A trusted source (preferably within the community) is normally the most effective way to engage these consumers.
- Consumers want to improve their energy management but are not sure of the information they are currently receiving or how to use the tools they have access to.
- Consumers are currently rationing heating and/or cooling which is resulting in adverse social and health outcomes.

ECA, through Power Shift, has engaged with several organisations to build upon the findings and evidence base provided by the LIEEP projects and other related research. The Power Shift report is focused on providing energy companies, government and regulators with evidence from which to build better-targeted and more effective, and innovative energy management services and programs that deliver outcomes for consumers. The LIEEP research indicated a need to reframe industry priorities to ensure the consumer is the focus which would allow for a better outcome all round.

MEFL recognises that the energy sector is changing rapidly, and various stakeholders are currently engaged in the development of programs and mechanisms to deal with hardship and improving the overall consumer experience. The proposed recommendations for scoping a voluntary guideline are delivered at a point in time with the acknowledgement that some of the recommendations may be implemented in the near future outside of the findings of this report.

2. Purpose of the project

The focus of this project is to provide Areas of Focus and Recommendations to inform the development of a voluntary industry guideline to help households manage their energy usage and bills.

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This report provides Areas of Focus and Recommendations for a voluntary industry guideline to help households manage their energy usage and bills. The report:

- Explains how these recommendations and any guidelines arising could apply in the existing regulatory environment and promote better practice across the industry
- Provides information which can be used by service providers and interested stakeholders to help prevent consumers from experiencing bill shock and getting into debt
- Highlights the conditions under which an industry guideline would be broadly supported by critical stakeholders
- Outlines the findings of a stakeholder consultation process and provides recommendations for guideline content and implementation

While this report suggests recommendations for guideline content and implementation, it does not develop an industry guideline but identifies this as an area of further research and engagement outside the scope of this project.

Better experience for consumers

Better consumer experience is one and the same with better service delivery. For the purposes of this project, it has been defined as the improved ability for households to manage energy usage and bills.

3. Methodology

3.1. Guiding principles

The methodology followed in delivering this project included a review of key findings from the various research developed through the Power Shift project. In addition, consultation with industry stakeholders was prioritised to identify the approach for developing a guideline that would be broadly supported by critical stakeholders.

The recommendations for scoping a voluntary guideline were therefore informed by interviews with a variety of stakeholders from across the industry and a review of existing programs and frameworks. In developing the recommendations, we adhered to the basic idea of:

- Everything we do should be focused on improving the lives of the people in our community
- The recommendations should work within an existing framework
- The recommendations should be simple and easy to implement
- The recommendations should provide a benefit to all stakeholders
- The recommendations should prioritise the most effective actions

3.2. Analysis of key research

An analysis of Energy Consumers Australia (ECA)'s various research developed through its Power Shift project was undertaken. In addition, the Low-Income Energy Efficiency Program (LIEEP) projects provided insight into what initiatives and communication options were most effective in reaching people and providing positive outcomes as well as highlighting behavioural insights that provide an opportunity to develop more effective policies and programs. The some of the core project findings relevant to this work include¹:

- There is no one-size-fits-all solution and projects need to be tailored and delivered according to the needs and circumstances of the participants. This finding is also supported by Power Shift research² which outlines a framework to help identify the most effective options for households to manage their energy bills.
- There is a low level of trust from most consumers in the industry and the government. A trusted source (preferably within the community) is normally the most effective way to engage these consumers.
- Consumers want to improve their energy management but are not sure of the information they are currently receiving or how to use the tools they have access to.
- Consumers are currently rationing heating and/or cooling which is resulting in adverse social and health outcomes.

¹ [Driving Change, Identifying what caused Low-Income Consumers to Change Behaviour](#)

² [Supporting Households to Manage their Energy Bills: A Strategic Framework](#)

3.3. Stakeholder Engagement Approach

We considered the best approach to developing these recommendations would involve consultation with stakeholders to improve and facilitate decision making and to test the veracity of the desktop review from interested and affected stakeholders. The International Association of Public Participation (IAP2) methodology was adopted throughout the stakeholder consultation process. For the purposes of this report, the term “stakeholder” refers to any individual, group or organisation who have an interest or stake in the energy industry.

3.4. Stakeholder Identification and Mapping

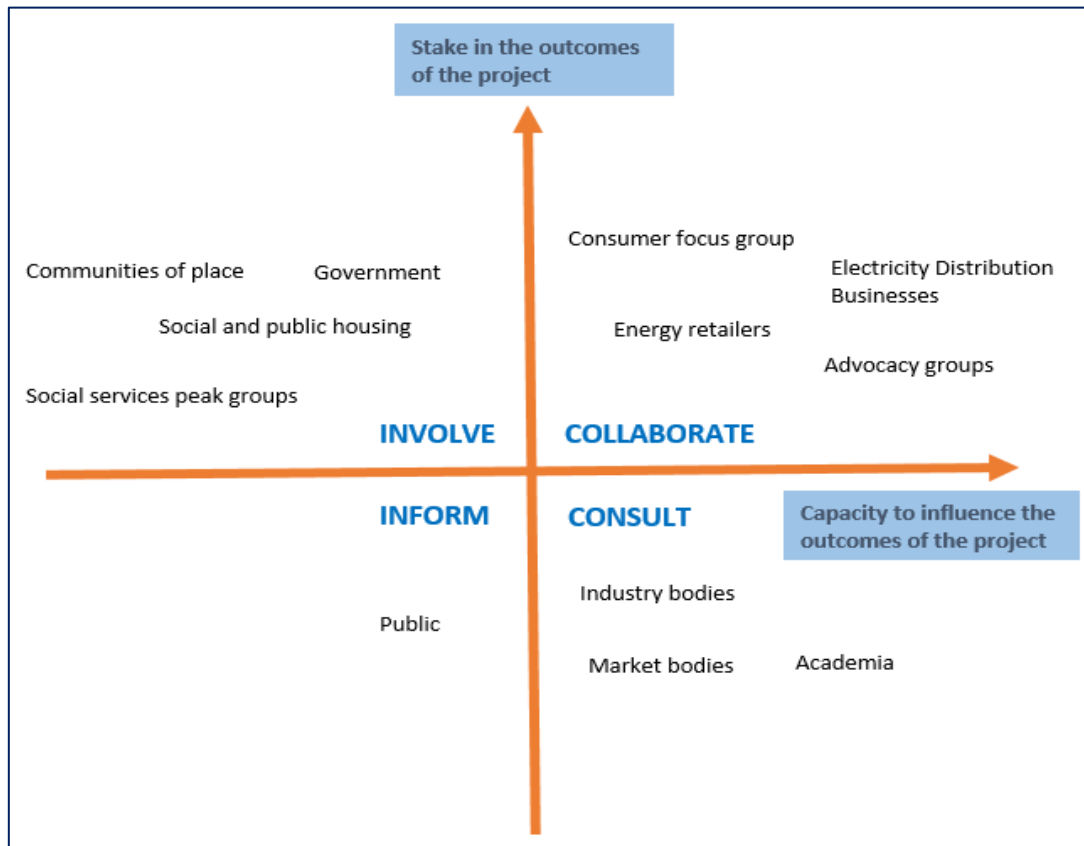
To achieve the objectives of stakeholder consultation, it was important to identify key stakeholders who have a vested interest in the outcomes of the project and/or had the ability to influence the outcome of the project. The table below provides an analysis of key stakeholder groups and their engagement needs. It includes stakeholder groups who we engaged in this project and those who should be engaged in future.

Table 1: Overview of Stakeholder Analysis

Level of Engagement	Stakeholders	Suggested Activities with Stakeholders
Collaborate	<ul style="list-style-type: none"> Energy retailers Energy Distribution Businesses Energy consumers (focus group) Advocacy groups (regional, rural, urban) 	Partner with on each aspect of the decision
Involve	<ul style="list-style-type: none"> Communities of place Social Services peak bodies (e.g. Queensland Council of Social Services (QCOSS), Council of the Aged (COTA)) Culturally & Linguistically Diverse community groups Social and public housing organisations Government 	Ensure needs and concerns are understood and considered
Consult	<ul style="list-style-type: none"> Academia Industry bodies Market bodies 	Obtain feedback on alternatives and/or decisions
Inform	<ul style="list-style-type: none"> Public 	Provide balanced and objective information

Figure 1 details the outputs of the stakeholder mapping exercise informed by an internal stakeholder engagement activity with ECA and our broader understanding of the industry. Each targeted stakeholder group outlined has been analysed and located on the matrix below in terms of their stake in the outcomes of the project and capacity to influence the project using the IAP2 methodology.

Figure 1: Stakeholder Mapping



3.5. Stakeholder Consultation and Gap Analysis

Several key stakeholders representing priority stakeholder groups were identified for targeted preliminary engagement to inform the approach to scoping an industry voluntary guideline for helping households manage their energy use and bills. These included energy retailers, advocacy organisations, industry peak bodies and market bodies across the National Electricity Market. A schedule of organisations who participated in the stakeholder consultation is detailed in **Annexure "A"**.

3.5.1. Interview Design

The objectives of the interview were to understand the current services and assistance being provided to consumers, ascertain whether there is a need for a guideline (in the context of existing initiatives and regulatory environment), test the receptiveness of service providers to adopt any recommendations, and to determine an agreed approach to developing the guideline for the industry. In addition, stakeholder consultation aimed to elicit views on governance and implementation. It was important to obtain stakeholder views on the best approach for developing the guidelines that would be broadly supported by critical stakeholders and would lay the foundation for developing a guideline in future. Interviewees have not been identified to ensure an open and candid conversation.

3.5.2. Interviews

The interviews were modified for each stakeholder to capture their different perspectives on the subject matter. The interview focussed on facilitating discussions with service providers and other industry stakeholders to ascertain:

- How well do service providers know their consumers?
- Where service providers were not, but should be, collecting more data
- Where these recommendations might be useful to industry
- Whether retailers have robust internal processes to identify vulnerable consumers before a crisis is reached
- What assistance is currently provided to consumers to manage energy usage and bills?
- Whether retailers are proactively helping consumers
- Whether retailers are providing effective assistance to help consumers manage their bills and where retailers could do better
- Whether retailers are providing effective assistance to help consumers manage their usage and where retailers could do better
- What channels retailers are using to communicate with consumers?
- Where most stakeholders see the biggest bang from a voluntary guideline
- What would be the general principles that support the voluntary guideline
- How most stakeholders think the voluntary guideline should operate – governance, compliance, disputes
- How the industry would measure the guideline's success
- Whether there are models that could be usefully referred to in the industry or elsewhere
- How the guidelines align with other retailer obligations

3.5.3. Gaps Identified

The tight timeframes within which to complete this project could not allow for a comprehensive and extensive stakeholder engagement to be conducted. The following stakeholders were identified as key groups who could be engaged in future. These include:

- Consumers (focus group) – engaging this cohort is important in the co-design of acceptable and effective solutions.
 - Government officials – due to the limited space to engage all relevant stakeholders on this topic, consultation with the Department of the Environment and Energy was prioritised given their role in the implementation of the recommendations of the ACCC retail electricity pricing inquiry, and as funders of the Power Shift research.
 - Essential Services Commission Victoria (market body)
 - Distribution businesses (service providers)
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4. Findings

This section details Areas of Focus and Recommendations for scoping a voluntary industry guideline and reflects the common themes and ideas that arose from extensive conversations with retailers, regulators, advocates and other industry stakeholders (summarised in **Section 5** and detailed in **Appendix “B”**).

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The recommendations were developed using the feedback and input from interviews, research undertaken regarding better practice approaches, and our extensive industry experience in delivering these kinds of programs. Interviews with retailers and other industry stakeholders identified the issues and challenges that the recommendations needed to respond to, as well as insights into methods that have and haven't worked well in helping consumers. These claims and insights were supported in part by the desktop research we performed pertaining to energy hardship and other research that Energy Consumers Australia has developed through its Power Shift project. Finally, the recommendations were tested with key stakeholders within the consumer market to ensure effectiveness and practicality.

4.1. Area of Focus – Consumer Relationship

All energy retailers we spoke to were looking for better ways to service their consumers. They see service delivery as part of a competitive advantage in the market place and it goes without saying that consumers would also like better service. Consumer advocacy organisations and regulators' reason for existing, in many cases, is to ensure better service for their consumer groups.

One of the things needed to provide better service is to build a better relationship with the consumer. Establishing and maintaining trust with consumers is important to increasing consumer awareness and engagement in the industry and improve consumer receptiveness to retailer programs and information.

Below we have detailed some of the recommended and better practice approaches identified to build the strength of relationship with consumers.

4.1.1. Build trust with the consumer

The focus of these recommendations is on an engagement / partnership / relationship building approach across all industry sectors to build trust with consumers. Retailers need to improve the trust levels with their consumers and the community in general. According to a recent report *“Trust in the energy sector has fallen from 50 per cent last year to 39 per cent; confidence that consumers' long-term interests are being served is down to 25 per cent”*³

It is important for service providers to build trust with consumers so that when they share information with consumers (such as energy efficiency advice), the consumer will be more receptive to that information and effect behaviour changes accordingly. When trust exists with the consumer,

³<https://www.aemc.gov.au/news-centre/media-releases/aemc-wants-energy-retailers-win-consumers-trust>

it becomes easier for service providers to adopt co-designed approaches with the consumer to improve on information, programs and services provided to the consumer. Co-designed approaches will help to ensure the intended consumer behavioural responses are achieved. As one of our interviewees explained, “Once trust or commonality is established, behaviour change can start to materialise”.

4.1.2. Collect relevant information to provide a better service

According to the retailer interviews we undertook, one of the issues hindering retailers from providing better service and building trust is a lack of knowledge about their consumers. Some retailers can tell when a consumer leaves the house or stays home on a Saturday night, however they have limited meaningful knowledge about the consumer. This lack of knowledge is directly affecting service provision. Collecting a small amount of information could improve service dramatically.

The suggested information would be as simple as:

- What language do you prefer to communicate in?
- How should we communicate with you - phone, email, text, letter in the mail?
- How many people live in your house?
- What age is the eldest person in your house?

With this level of information, the retailer can ensure that information that goes to the householder is appropriate to their needs. This information will need to be updated regularly to ensure any demographic changes are recorded and catered for.

There was a concern from a few organisations that the collected information could be misused in some way or on-sold to other organisations. We recommend that caveats around how information is used will need to be developed as part of any guideline as well as only collecting a level of information that will be beneficial to the customer.

4.1.3. Provide tailored solutions based on the collected information

Currently retailers utilise an approach that will reach the easiest to reach consumers – those who are generally internet savvy, have English as a first language and who are somewhat engaged in the process of energy management and bill management already. This approach makes sense as they do not have the information needed to tailor their programs which could make them more effective.

The Power Shift research found that a one size fits all approach is seldom effective in this space and that tailoring programs provides a more effective and efficient interaction. Further, in interviews with retailers they identified that reducing the time spent on phone calls is a saving to the business i.e. “When we know more about the consumer we can tailor the call to them and reduce the time on the call”.

As an example, with more consumer specific information a household that is predominately Arabic speaking could receive a phone call from an Arabic speaker in the first instance (rather than organising this through repeat calls) so that the consumer can better understand what is on offer or become aware of and resolve any issues. This would benefit the consumer, reduce the cost to the retailer of making multiple calls for no effect and satisfy consumer organisations that the consumer is receiving better care. As part of a tailored offering based on better information, phone calls could be made in a language that suits the consumer, retailers could look at a consumer's age range and see if they are getting the concessions they are entitled to (and if not they can help to access them), and energy use profiles would have more meaning if the retailer knows it is a family of seven as opposed to someone living alone.

The result of this would be that the consumer receives a better level of service that is tailored to suit their needs. The information they receive should make more sense. More importantly any issues should be addressed in a simpler, more efficient manner.

We acknowledge that privacy laws are complex and vary from jurisdiction to jurisdiction. This is also an area of immense sensitivity. However much of the information required is already available or can be collected when a customer signs up with a retailer. There would need to be conditions around the collection of data and the privacy issues that go with it, but we believe this is a problem that can be overcome with open communication and cooperation between everyone involved.

4.2. Area of Focus – Information Provision

4.2.1. Develop simpler bills through co-design

One of the common themes acknowledged by the interviewees was the need for simpler and easier to understand information particularly around energy bills. Energy bills across retailers are inconsistent in format and in the method the information is presented, and in some cases presented in different mediums (e.g. smart phone app, email, hard copy, online account). Making energy bills simpler is not as easy as it would appear. According to the retailers we interviewed there are as many as fifty regulatory requirements around information that must be included on a bill. The more information that needs to be provided the harder it is to keep the information simple.

Currently at least one retailer is trialling a bill with basic information and an ability to access all the required information through a web link. This approach could be effective in working with people who access the internet easily and can use the technology. Unfortunately, this does not work for a large cohort of people who are less digitally literate. Many of the people retailers deal with regularly still pay their bills in cash at the post office and these people need to be catered to as well.

A co-design process to understand what the consumer population believe is essential on a bill and what they do not care about would allow retailers to develop simpler to understand bills and improve the consumer experience. We acknowledge that this process will not be simple and would require a large degree of cooperation between all stakeholders to ensure consistency and a significant financial commitment from retailers.

While we have tried to ensure that the recommendations we have made fit into the existing framework and should be easily implemented, we acknowledge this recommendation may require regulatory change. We believe that regulation should work to improve the consumer experience and working together to deliver simpler bills and documents makes sense from a consumer perspective and an industry perspective.

It is important to note that some previous trials found simpler bills were not as well received as predicted. There was still a perception that the consumer would be worse off in some manner. This speaks directly to the need to build trust as part of any program to ensure greater uptake of the offering.

4.2.2. Develop other communication options

It was acknowledged by almost all retailers that they see the major communication channel to consumers as being the energy bill. This is changing with the rise of internet billing and direct debit, but the energy bill is still the main communication with many consumers according to the retailers we interviewed. It was also acknowledged that the amount of information on bills is already confusing so adding extra sheets or additional information is often ineffective.

A tailored piece of communication delivered separately to the bill, intermittently or regularly provides an option for promoting services or offerings without the need to clutter the bill further.

The options could include a one-page document on whether the plan you are on currently suits your typical energy use and payment profile, energy management information providing information on heating and cooling options and simple home management tips etc. Based on payment profiles it may also be able to provide information on hardship programs or payment options prior to people requiring access to a hardship program.

4.2.3. Help consumers with forms where possible

While not affecting all consumers, there are many consumers who are not receiving the help they need. As well as learning more about the consumer to help deliver a better service, MEFL recommends that retailers should be allowed to assist consumers to fill out relevant forms where practical. In particular, forms that provide immediate relief such as hardship grants.

All states have a form of utility relief grant. In Victoria they are Utility Relief Grants (URGs) and in Western Australia they are known as the Hardship Utility Grant Scheme (HUGS), but all states have some variation of these. A large proportion of people who are provided with the application forms do not return them. Studies have shown that return rates can be as low as 59%⁴.

Our interviews with several retailers have indicated that much of the information required for the URG forms, and other concessions available, can be filled out by the retailer at the touch of a button (after some programming) as a lot of the required information is to do with NMI numbers, level of

⁴ Barriers to Accessing Utility Relief Grants, A report by the Consumer Action Law Centre June 2014

debt etc. which the retailer has access to. This would greatly benefit the consumer by reducing debt and the retailer by reducing their risk of non-payment and tardy-payment.

The new regulations in Victoria provide a major change to the way these grants are administered allowing retailers to fill them out for the client as well as community organisations or the consumer. There are also options for online application or paper applications.

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Utilising a trusted third party such as a financial counsellor or community organisation to assist with this work is currently occurring in some areas and anecdotally is proving successful. According to one interview participant this process is having the ancillary benefit of assisting the consumer in engaging with the type of organisations where they can be directed to other (non-energy related) services which may improve their well-being.

4.2.4. Proactively identify and apply eligible concessions

With a greater knowledge of the consumer (see Recommendations 4.2.2 and 4.2.3), retailers will also be able to identify consumers who are not receiving concessions they may be entitled to such as concessions based on the consumers' age or the age of a resident in the consumers' house.

The Bright Actions project delivered by Queensland Council of Social Services (QCOS) as part of the Low-Income Energy Efficiency Project showed that many culturally and linguistically diverse (CALD) households it was the person with the best English language skills that signed up for the utilities. This was normally the youngest eligible person in the house. In many cases there were people in the home eligible for concessions but who were not identified to the retailer, so no concession was applied. If consumer ages were recorded it would be simple to match records and see who was not getting the concession, they were entitled to.

Retailers identified this type of interaction as being highly beneficial in that it provided a reduced bill to the customer, reduced the likelihood of hardship and demonstrated good service and concern at the retailer level that could improve customer retention.

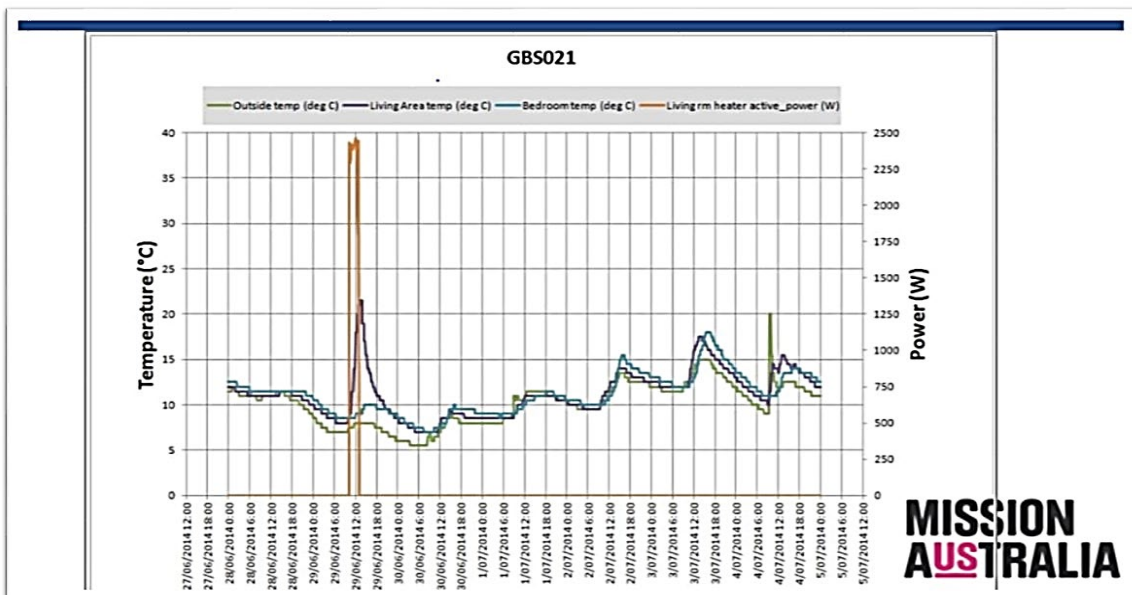
4.3. Area of Focus – Silent Hardship

Section 44 of the National Energy Retail Law requires retailers to have processes in place to identify consumers experiencing payment difficulties due to hardship, including identification by the retailer and self-identification by a residential consumer. Some people in difficulty are harder to identify than others. People who are struggling to pay bills on time are easy to identify. Those who are going without what we would consider normal comforts, so they can pay their energy bills, are not. Many reports are identifying that people are reducing or forgoing heating and cooling to keep their bills low enough to pay, possibly resulting in an exacerbation of health conditions or severely decreased comfort levels. These households are experiencing and displaying what we reference as “silent hardship” in this report.

In a report developed by Victorian Council of Social Services (VCOSS)⁵, energy hardship is distinctly defined as persistent payment difficulty or persistent heating inability. VCOSS’ analysis of the [HILDA](#) survey results (from 2014 to 2016 data) concluded that about 23.3 per cent of Victorian households face payment difficulty, and 5.4 per cent are unable to heat their homes, on either a temporary or persistent basis. The majority (53.6 per cent) of households with persistent heating inability do not experience persistent payment difficulty.

Why is this so important? The graph below is a perfect example of why addressing silent hardship is important. The monitored household had a similar indoor and outdoor temperature for most of the monitored period. In general, this was between 10 and 15 degrees, which is not a healthy temperature. The spike in indoor temperature was the day they had visitors and turned on the heater.

Figure 2: “Silent hardship” - [Get Bill Smart](#) case study⁶



As well as the simple human reasons for trying to help these people, the opportunity for early intervention would also benefit the retailers who would be able to provide energy management information, possibly appliance replacement opportunity and possibly payment options prior to people ending up in a hardship program or living a lifestyle that is dangerous and uncomfortable. There are also co-benefits of early intervention to the health and wellness sector.

⁵ [Battling On, Persistent Energy Hardship, VCOSS 2018](#)

⁶ [Get Bill Smart Detailed Study Report](#)

4.3.1. Explore technology solutions

Our conversations with retailers indicated that, particularly in areas that already have smart meters, it is possible to understand a person's energy use on a reasonably detailed level. When they arrive home etc. With a small amount of demographic data, it may be possible to map energy use against other people and understand who may not be heating their homes in cold weather or cooling in hot weather. This may indicate silent hardship.

Based on this a retailer could provide energy management information, information on services available etc. That could be used to reduce energy cost and make it viable to run essential heating and cooling without incurring high debt.

There may be an issue of privacy with this approach (as mentioned earlier) that would need to be addressed but the ability to improve the consumer experience through technology should be explored.

4.3.2. Improved communications with consumers

While not relevant to all consumers, hardship programs are important to those who need them. We have not made additional recommendations around the delivery of hardship programs as these are already highly regulated.

According to the feedback given in the interviews we undertook we need to improve the communications around hardship programs available. This relates back to knowing the consumer better. Information on hardship programs provided in English or on the internet are ineffective in communities where English is not spoken (who suffer a high incidence of hardship) or where people do not access the internet.

According to many of the retailers we spoke with there is also a stigma around accessing these programs. Establishing consumer profiles would assist in providing tailored information for people to access these programs more easily and sooner, providing targeted information is more likely to resonate with them and be more effective, which should result in better outcomes for the consumer and the retailer.

4.3.3. Improve terminology to encourage participation

As discussed in the previous paragraph many retailers indicated there was a perceived stigma around accessing hardship programs. There was a high consensus across the industry that the terminology used and the language around hardship programs may contribute to this. They indicated that the terminology needs to reflect the programs more accurately.

The term "hardship" was identified as being problematic across the sector. Terms such as:

- Debt relief
 - Consumer retention
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- Revenue protection

provide a more accurate idea of what these programs are designed to do without the stigma associated with the word “hardship”. This change in terminology may make these programs more acceptable to consumers who may not engage with hardship programs.

We suggest any change to terminology be part of a co-design process with the consumers who access these programs.

4.3.4. Take recommendations from community groups

Many vulnerable people are already interacting with a community organisation based on our experience and the feedback from retailers. These may be organisations providing food relief or advice to consumers currently.

Providing training to these community organisations to help them explain the services offered by retailers and how best to interact with the energy retailer would assist people in silent hardship. A process for community organisations to recommend people to their retailer as in need of assistance may prove more effective than asking people to self-nominate.

Training tailored to specific consumer profiles would allow these organisations to fully explain the options available to the consumer and improve outcomes for everyone involved as well as the overall consumer experience.

4.4. Area of Focus – Energy Management

Energy management is important to all consumers not just hardship consumers. Knowing your consumer allows for a more targeted energy management program. Identifying high energy use will be made simpler if the retailer knows if a household is a single occupant or seven people.

All retailers that we worked with on this report had energy management programs in place and comprehensive energy management information available. This was mostly available on the internet and almost exclusively in English, which is understandable as this will reach most people easily.

4.4.1. Make energy management information easier to find

All retailers provide information on energy management and have gone to great lengths and cost to make this as effective as possible, but in almost all cases the information was not easily accessible.

In most cases it was available on the internet but needed to be specifically searched for and was not at the forefront of their website. We would recommend making this information more visible as part of an ongoing energy management strategy as well promoting the information in different ways.

Retailers acknowledged that one of the first actions they take in hardship programs is to provide energy management advice to reduce bills and consumer comfort. There is no reason that the larger customer cohort should not be utilising energy management as a tool to reduce bills and energy use and the easier it is to access this information the more likely it is to be used.

There is also a vast amount of information available in a number of formats from different organisations in the sector. Information coming from various Ombudsman on energy management (and other issues) appear easy to use and of great benefit to the consumer. Promoting other organisations as sources of energy management advice could provide a simpler less costly method to develop and disseminate information.

4.4.2. Make information available in different languages

Our interviews with the retail sector indicated that there was very little information available in different languages. This in effect prevents people from easily accessing the required information. While it is impractical to provide information in all languages it makes sense to provide information in the major language groups in use in Australia.

Many of these resources are already available through other organisations and would not need to be redeveloped by the retail sector. As mentioned in the previous paragraph, organisations such as the Ombudsman provide a wide variety of information, in several languages, that can easily be utilised or modified for the consumer group.

As stated previously, understanding the consumer better and the language they speak would make it easier to target people with specific internet-based information or simple handouts, delivered with their bill, in a language they understand.

4.4.3. Promote appliance replacement programs

Retailer interviews indicated that appliance replacement programs were highly effective in energy management and in some cases were the only viable option to reduce energy use and cost. In some cases, the appliances (particularly heaters) that were in the household make it almost impossible to improve energy use and affordability while maintaining a comfortable household.

Heating a home could be well over \$2,000 per year⁷ for houses where the occupants are seldom at home. This figure would increase dramatically for residents who are home all the time. Replacing the appliance provides a real opportunity to improve energy efficiency and affordability and has proven effective in most retailer programs based on the feedback from the interviews we undertook.

While many retailers already have appliance replacement programs in place as part of their hardship programs we believe easier access to these programs and a greater level of visibility for these programs is essential to improving the affordability of energy in some affected households.

In many cases appliance replacement is not possible without some level of financial assistance. Low or No interest loans administered through a third party have currently been highly effective at assisting people with appliance replacement. Greater access to these programs and promotion of them would be beneficial to both hardship customers and people enduring silent hardship.

⁷ <https://www.sustainability.vic.gov.au/You-and-your-home/Save-energy/Heating/Heating-running-costs>

4.5. Area of Focus – Working Together

Improving the consumer experience falls to everyone in the sector. In many cases the best placed organisations to deliver programs are existing community organisations who are already trusted by the community they are working with. Some retailers are already working with community organisations and other not-for-profits around hardship programs, but this could be extended into the wider community. Partnering with these trusted organisations is a precursor to developing a greater trust in energy retailers.

There is a need to advocate, as an industry, for change that will make the consumer experience better. To do this, we need to fully understand that we are all working toward similar outcomes (sometimes for different reasons) and are mostly working towards a similar goal. Working together will build a trust within the industry that will allow the industry to deliver better products and services. We need to reset the relationship with retailers and advocates as part of any ongoing projects.

There is also a need to understand that even though energy is an essential service, retailers are for-profit companies and they have a great motivation to provide the best service possible to gain a market advantage. Deregulation has occurred and there is no opportunity to reset the market.

5. Summary of Stakeholder Feedback

Table 2 below provides a summary of stakeholder sentiments which informed the recommendations for developing a guideline.

Table 2: Area of Focus informed by Stakeholder Consultation

Stakeholder sentiment	Challenge or opportunity	Area of Focus
<ul style="list-style-type: none"> • Retailers do not know enough information about the average consumer to tailor products and messaging • Broader industry were of the view that retailers collect a lot of information about their customers but this information is not being used enough or effectively 	<ul style="list-style-type: none"> • Lack of knowledge of the customer is negatively impacting service delivery 	Improve the relationship with consumers
<ul style="list-style-type: none"> • Advocacy groups indicated that many consumers they come across are not aware of their entitlements and eligibility to access grants • Simple information about cost, discount, basic rights and energy efficiency should be provided 	<ul style="list-style-type: none"> • Information distribution channels and content are not effective or easily accessible to all consumer groups • Consumers are not engaged in the industry 	Provide more effective information to consumers
<ul style="list-style-type: none"> • Advocacy groups were of the view that retailers should promote their “hardship” services better, reduce stigma associated with hardship and payment issues, and offer proactive actions on hardship 	<ul style="list-style-type: none"> • Processes for identifying consumers in hardship focus predominantly on those in payment difficulty 	Work to identify people in silent hardship
<ul style="list-style-type: none"> • The majority of stakeholders felt that information and services available to consumers to help with managing their energy use and bills should be easy-to-obtain, accurate, easy-to-understand, easy-to-compare, and provided in a timely manner 	<ul style="list-style-type: none"> • Consumers are experiencing bill shock • Consumers do not know how to use energy efficiently 	Helping people to manage energy use
<ul style="list-style-type: none"> • Stakeholders agreed that there are pockets of excellence and better practice processes occurring which could be 	<ul style="list-style-type: none"> • Siloed industry 	Working together to deliver the best outcomes

Stakeholder sentiment	Challenge or opportunity	Area of Focus
<p>shared more across the industry</p> <ul style="list-style-type: none"> Majority of industry stakeholders were very enthusiastic about the Energy Charter and opportunity it presents to work together towards the same vision 	<ul style="list-style-type: none"> Industry does not have a shared understanding of existing relevant information on consumers Useful information that can be used to improve service to consumers exists but is not being used enough or effectively 	

Refer to **Appendix “B”** for a more detailed account of the stakeholder responses.

6. Approach to developing a guideline

6.1. Guiding Principle

There is consensus within the industry that a guideline would need to work for the whole sector and provide benefit across the board. An essential function of the eventual guideline is that, if interpreted and followed accordingly, it should enable users to understand how to design, implement and measure effective programs and services aimed at improving consumer experience.

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6.2. Targeted consumers

The guideline should focus on improving service to ALL consumers. In doing so, it is important to define consumer segments to target tailored services. Possible consumer segments could include:

- Consumers experiencing payment difficulty
- Consumers experiencing silent hardship
- Hard-to-reach consumers
- Consumers from culturally and linguistically diverse (CALD) backgrounds
- Consumers wishing to reduce energy use

In addition to this segmentation, it is important to consider that consumer vulnerability is multi-dimensional and can affect anyone at any given time. There is therefore a need to understand vulnerability drivers and how these are prevalent in households to improve service delivery and consumer experience.

6.3. Content / approach

6.3.1. Utilising knowledge on consumers

How well service providers know their consumers is crucial in determining better consumer outcomes and experience. There are opportunities to share and leverage knowledge or data on households sitting with different industry stakeholders (whilst maintaining consumer privacy) which can be used to tailor services and products provided and thus making them more useful to consumers.

6.3.2. Accessibility of information

Accessibility of information and consumer empowerment go hand-in-hand. Sufficient information needs to be made available which is easy-to-obtain, accurate, easy-to-understand, easy-to-compare, timely and trustworthy⁸. This is essential in empowering consumers to take an active role in the energy industry and understand their entitlements and obligations.

⁸ Vulnerable Consumer Working Group guidance document, European Commission 2013

Clearer information and advice about available payment methods, cheaper tariffs and other types of assistance should be provided, including how to access this help. Developing improved sources and pathways to trusted information (e.g. consumer advocacy groups) and removing barriers to consumers who are trying to obtain assistance and information should be a strong focus of the voluntary guideline. A co-design approach (with consumers) should be adopted to provide information that is relevant to specific groups (e.g. vulnerable consumers, hard-to-reach customers).

6.3.3. Building trust through engagement

It is important for industry stakeholders to build trust with consumers so that people are receptive to the information they are provided with. The experience of community service providers is that establishing a relationship with consumers before giving these consumers information about a product or service is important. Partnering with trusted community-focused and community groups when engaging with specific groups (e.g. hard-to-reach, vulnerable or CALD) is important. There is an opportunity to leverage knowledge and experience of community service groups through partnerships and staff training.

6.4. Recommended instrument

Voluntary guidelines are preferred over mandatory / enforceable guidelines to allow room for users to determine better practice approaches and tailor-made approaches for their consumers.

6.5. Accountability mechanisms

The industry guideline should not have legal force or propose binding obligations on service providers. It should be developed with the input of industry stakeholders and provide guidance to the industry on how to achieve better consumer experience. A key observation from the preliminary stakeholder engagement conducted was that there is generally no support for an additional set of regulations to be adhered to. This is largely viewed in the context of the existing regulatory environment and administrative burden that additional compliance would impose. Regarding the former, a mandatory guideline for achieving better consumer experience in a competitive market is viewed as unnecessary. Competitive markets such as the energy retail sector encourage service providers to develop products and services in the consumers' best interest and at competitive rates. Improving consumer experience is in the best interest of these service providers.

“Focusing on compliance will not necessarily achieve the intended outcomes of a proposed guideline”

6.6. Enforcement and compliance framework

Although the industry guideline may not be enforceable or mandatory, it is important that a process to validate its effectiveness is developed at the outset. This will test whether the use of guidelines is

yielding the intended outcomes / benefits. This validation exercise could include a stakeholder review with fieldwork to trial implementation and discussions with service users⁹.

6.7. Recommendation for implementing the guideline

6.7.1. Energy Charter Overview

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The Energy Charter was a document collaboratively developed by the energy industry that outlines a vision for an energy industry that works together across the supply chain to deliver energy for a better Australia.

The Energy Charter lays out five principles (Principles) to ensure the realisation of this vision¹⁰:

- Principle One – “We will put consumers at the centre of our business and the energy system”
- Principle Two – “We will improve energy affordability for consumers”
- Principle Three – “We will provide energy safely, sustainably and reliably”
- Principle Four – “We will improve the consumer experience”
- Principle Five – “We will support consumers facing vulnerable circumstances”

Each Principle has a set of accompanying ‘principles-in-action’ steps that provide additional guidance on how the Principles are to be fulfilled by the industry and its stakeholders.

There is a growing number of industry stakeholders signing up to the Energy Charter, including energy retailers. At the time of writing this report, retailers with a combined market share of 85% of the retail market had subscribed to the Energy Charter.

6.7.2. Energy Charter’s relevance to the project

The overwhelming feedback from retailers and other industry stakeholders was that the development and implementation of an industry guideline should be part of the Energy Charter. Retailers did not want any new regulations or reporting requirements and saw the Energy Charter as the best platform to implement the recommendations without additional reporting, oversight or regulation. As such the Areas of Focus and recommendations (detailed in Section 4) were developed as an adjunct to the existing Energy Charter which the majority of energy retailers are already signed up to. The principles that underpin the recommendations should therefore flow on from the Energy Charter. This will support the ability for the project findings to complement the existing policies, programs and mechanisms and improve consumer experience, whilst also gaining support from industry stakeholders.

⁹ Study reporting guidelines: How valid are they? Arundel et.al, 2019

¹⁰ [The Energy Charter, January 2019](#)

MEFL is of the view that the Areas of Focus and recommendations highlighted in Section 4 for scoping out a guideline will directly impact the following Energy Charter principles:

- Principle One
- Principle Four
- Principle Five

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And complement:

- Principle Two
- Principle Three

6.7.3. Reporting

Energy retailers across-the-board were opposed to any increase in reporting or further regulation about what needed to be reported on. This is a reasonable position in an industry that is highly regulated already. This is also one of the reasons we believe the Areas of Focus made in this report should be an addition to the previously established Energy Charter. These findings fit into the existing Energy Charter reporting plan and do not require a separate or greater level of reporting. The success of the recommendations will be reflected in the overall improvement in the consumer experience and can be reported on as part of the Energy Charter's existing metrics and measures.

Our interview with the Energy Charter Director indicated they were highly receptive to the voluntary guidelines being part of the Energy Charter and the adoption of the Energy Charter as the accepted mechanism (by energy retailers) demonstrates the value and acceptance of the Energy Charter.

The reporting required by the Energy Charter also sits well in the voluntary guideline development. The existing method for reporting under the Energy Charter can be easily adapted to the voluntary guidelines as the information being reported on will be similar but require more detail.

7. Conclusion

We see the findings highlighted in this report as a way for the industry to work together to fulfil The Energy Charter and to provide some concrete actions that will help to deliver the intentions of the Charter.

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The recommendations contained within this report are not rocket science. They are logical, simple, and practical and can provide a benefit to everyone involved, if delivered properly. They appear consumer-focused, but each recommendation provides a benefit to everyone within the sector through: more efficient (less costly) interactions, improved reputation, greater consumer retention, reduced debt levels, fewer complaints and early intervention reducing the need for larger scale intervention.

The recommendations focus on utilising a greater knowledge of the consumer to provide a better service. This is not a new idea and has been the centrepiece of marketing strategies for a long time. The ability to tailor services and interaction with consumers ensures that consumers are being given a more effective and valuable experience while reducing the burden on the retailer. It is necessary to place caveats on the information gathered to ensure it is used correctly and to ensure the consumer is not disadvantaged.

Retailers, regulators, advocacy groups and technology partners can improve the consumer experience and trust by working together to advocate for change that improves how we deliver services and to deliver those services. This united front will make it easier to make changes in the industry but as importantly it will start to build a platform of trust within the industry which can be used to improve trust with consumers which is essential to the success of any project.

As discussed previously, viewing this as an opportunity to improve the sector as opposed to a burden is the key to ensuring the recommendations are effective and adopted. The industry is changing rapidly and the organisations that adjust to this change while maintaining a focus on the consumer will be best prepared to establish a market advantage through an improved consumer experience and a heightened reputation.
