

18 October 2018

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Attn: Kate Wild / Michael Bradley

## National Energy Retail Amendment (Strengthening Protections for Customers in Hardship) Rule 2018 (RRC0017)

We appreciate the opportunity to make a submission to the Draft Rule Determination on the National Energy Retail Amendment (Strengthening Protections for Customers in Hardship) Rule (the Draft Rule).

Energy Consumers Australia is the national voice for residential and small business energy consumers. Established by the Council of Australian Governments Energy Council (the Energy Council) in 2015, our objective is to promote the long-term interests of energy consumers with respect to price, quality, reliability, safety and security of supply.

Energy Consumers Australia supports the draft Rule, which we see as an important component in the suite of policy and regulatory measures ensuring access to affordable energy for vulnerable consumers facing hardship.

Recent research commissioned by Australian Council of Social Service and the Brotherhood of St Laurence<sup>1</sup> underlined the extent of the energy affordability challenge for people on low incomes. A quarter of low income households spend nearly 9% on energy, compared to the highest earning households who spend around 1.5%. Some of the lowest income households – including a quarter of Newstart or Youth Allowance recipients - in Australia now spend more than 10% of their incomes on energy, compared to around 8% a decade ago.

As we noted in our [submission](#) to the Consultation Paper, we see a range of benefits for consumers arising from the proposed Rule, including:

- a single point of reference for hardship programs;
- consistency in approach, deriving from the inclusion in all hardship programs of standard requirements;
- an improved customer understanding of rights and entitlements;
- improved opportunities for AER to monitor performance;
- greater industry clarity over minimum requirements; and
- improved processes for approval and variations to hardship policies.

We support the focus on ensuring consistency of advice to consumers, through a pro forma for retailers setting out their policies, as well as the Australian Energy Regulator standardised statements,

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<sup>1</sup> *Energy stressed in Australia* (2018) <https://www.acoss.org.au/report/energy-stressed-in-australia-a-joint-report-with-brotherhood-of-st-laurence/>

outlining in plain English the rights and responsibilities of retailers in the National Energy Retail Law. That innovation will not only make it easier for consumers to understand their rights, but should also make it easier for consumer representatives (financial counsellors, emergency relief agencies, and volunteers) to assist households experiencing financial hardship.

As we noted in our earlier submission, consumers who face disconnection for non-payment can be highly motivated to engage in the energy market and to reduce their energy bill, but have limited opportunities, and their ability to take action is influenced by literacy and numeracy, language barriers, trust in others (including organisations), capability to influence household behaviour, and technological access and capability.<sup>2</sup> These factors collectively are often referred to as being 'vulnerable', but not all vulnerable customers experience financial hardship.

Stakeholder submissions, such as from Consumer Action Law Centre, as well as discussions at the workshop on the draft Rule, underline the importance of the forthcoming Australian Energy Market Commission review assessing how retailers support consumers in financial difficulty. The terms of reference for that review should enable an assessment of how the current regulatory framework supports vulnerable households, as well as an investigation of other regulatory approaches, including that of the Essential Services Commission Victoria and UK energy regulator Ofgem.

How retailers manage hardship through this new process are also part of the bigger task of restoring the community's trust in the sector. We note that two of the key principles of the new Energy Charter<sup>3</sup> are

- Principle 2 We will improve energy affordability for customers
- Principle 4 We will improve the customer experience.

Industry leadership in accordance with these principles is vital.

If you have any questions regarding the submission, please contact Energy Consumers Australia on 02 9220 5500, or by email at [kerry.connors@energyconsumersaustralia.com.au](mailto:kerry.connors@energyconsumersaustralia.com.au).

Yours sincerely,



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Chief Executive Officer

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<sup>2</sup> (Forthcoming) *Supporting Households to Manage Their Energy Bills: A Strategic Framework* (ACIL Allen, 2018) which outlines the range of factors that will influence a household's behaviour.

<sup>3</sup> <https://www.theenergycharter.com.au/>