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Lois Shedd
Acting Director, Consumer Policy
Consumers, Policy and Markets
Australian Energy Regulator (AER)
By email:

Submission to Draft Customer Engagement Toolkit: Better practices for identifying and supporting consumers experiencing vulnerability.

Dear Ms Shedd

Energy Consumers Australia appreciates the opportunity to provide feedback on the Draft [Customer Engagement Toolkit](#) (the 'Toolkit'). We represent all residential and small business energy users, and advocate for a future Australian energy system that works for, and benefits, the households and small businesses who use it. For those consumers who face barriers to participating in the energy market and are vulnerable to energy hardship, we advocate for effective and timely support to provide people with help now and ensure no one is left behind on the journey to net zero.

We welcomed the AER's decision to help energy retailers better identify consumers experiencing vulnerability as part of its commitments in [Towards energy equity – a strategy for an inclusive energy market](#) in 2022.

We endorse the better practice principles outlined in the Toolkit, which have been built on a solid evidence base – the extensive referencing of the good work done in Australia and overseas makes very clear not only why energy retailers should aim to deliver better service to consumers experiencing vulnerability, but also where they could look for more information about how to implement changes to their policies and procedures. And the inclusion of consumer stories and case studies illustrates the difference these better practices can make to one's life in the moments they need more help.

But we are concerned that the Toolkit will not be used as intended, and so encourage the AER to consider how it will track whether energy businesses are implementing these better practice principles.

Our four recommendations below aim to make this Toolkit a truly powerful resource, that sets high expectations for how energy businesses can do better by their most vulnerable customers and promote positive change in the energy industry.

Recommendation 1: To improve business practices and assess efficacy of the Toolkit, the proposed practices should be linked to metrics and benchmarks monitored by the AER in its performance reporting procedures and guideline.

Since 2019, retailers are required to submit information and data to the AER as per the [performance reporting procedures and guidelines](#). Some of the indicators monitored provide insights into how retailers address customer service and complaints, and how they handle customers experiencing payment difficulties.

The latest [Annual Retail Markets Report](#), released in November 2023, indicated that affordability worsened, and more customers are accumulating energy bill debt and entering hardship programs. The overall proportion of electricity customers on hardship programs is at its highest level in the past 5 years (above pre-COVID-19 levels), and there has been a decline in the number of customers exiting hardship programs after successfully completing it. It is evident that existing measures to support



consumers experiencing vulnerability are not being effective and delivering better outcomes for people.

We have also seen recent examples of extremely concerning behaviour from energy businesses resulting in significant harm to the most vulnerable consumers in Australia. We have seen big energy retailers fail to stop deducting money from vulnerable consumers in the welfare system for years after they ceased to be customers or partner with HelpPayⁱ to encourage consumers experiencing payment difficulties to crowdfund their bills instead of providing adequate support and addressing the root causes of the issue.

Therefore, we strongly recommend that, in finalising the Toolkit, the AER adds specific indicators and metrics to the best practices proposed and commits to update its performance reporting procedures and guidelines to ensure ongoing monitoring of these measures and promote benchmark across energy retailers. That could include working with community sector agencies, or undertaking a mystery shopping exercise to ensure the principles are being reflected in day to day operations.

Recommendation 2: To ensure that the Toolkit is used, secure explicit agreement from energy businesses that they will implement the better practice principles and provide reports that are public.

As it stands, the Toolkit is a supplementary resource to existing obligations set under the National Energy Retail Law, Rules and associated guidelines. Energy retailers are not required to adopt these principles.

The AER could however work with them to secure their agreement that they will build the Toolkit's principles into their operations. That could be demonstrated through:

- Securing their agreement to report vulnerability assistance in their annual reports;
- Asking retailers to come back in 12 months to share information about how and what they have done with the Toolkit, to share innovation and effective procedures, with the aim of driving improvement across the sector;
- Establishing a best practices 'sharing circle' - asking each retailer to nominate a senior executive to attend, chaired by an independent organisation, like ECA.

We suggest the AER consider the Vulnerability Commitment (a voluntary agreement launched by Energy UK in December 2020) as benchmark for the practices proposed in the Toolkit. By becoming a signatory, energy businesses commit to sixteen specific actions that aim to improve communications and accessibility, collaboration, and innovation. One of the commitments, for instance, requires signatory energy businesses to "assign a dedicated Vulnerability Champion at the Senior Leadership Team level or equivalent, who can demonstrate how the issue of vulnerability is escalated to Board level". The Vulnerability Champion is responsible for overseeing the delivery of commitments to improve service to vulnerable households and can ensure the business response is front of mind for senior executives.

Energy UK's 2023 Vulnerability Commitment Good Practice Guide further reflects on the role of the Vulnerability Champion, noting how these Champions influence decisions at Board level and enable direct consideration about where investment is made to provide the most support to customers experiencing hardship.

ECA would be happy to work with the AER and businesses to support the implementation of the Toolkit.

Recommendation 3: To be effective, the Toolkit needs to be very clear on the obligations of each the different areas within an energy retailer or service provider.



The first principle outlined in the Toolkit encourages energy businesses to “build an organisational culture focused on strong customer relationships and better consumer outcomes”.

We strongly agree with this principle and commend the AER for urging service providers to take a more proactive role in identifying and supporting vulnerable consumers.

However, we do not believe that the Toolkit currently provides sufficient guidance on how different areas within an energy business must act to implement the Principle in practice (p.6).

Ideally the Toolkit would help outline how each areas should ensure that the business is identifying and supporting consumers experiencing vulnerability – for example

- The Board in making sure that this is a strategic organisational priority;
- Senior leadership for ensuring that policies and procedures are not providing perverse incentives and comply with the Toolkit's better practice principles;
- Product development for ensuring that energy products are designed with an understanding of where consumers face barriers;
- Call centre staff, to ensure that consumers are treated with respect and empathy, and referred quickly to specialist areas when assistance is required.

Recommendation 4: That small business energy hardship also be considered.

We would also strongly encourage the AER to consider small business energy hardship, where COVID made very clear where small businesses can also require tailored and timely assistance from their energy retailer. At the moment, rising energy costs are significantly hurting small businesses on

The kind of support and assistance that small businesses need from their energy service providers differs from what is currently provided to households. We recommend that the AER engages with COSBOA and other small businesses organisations to better understand what better practices look like from a SME customer perspective and how retailers can step up and help SME keep their business going and prospering at times of financial stress.

We thank the AER for the opportunity to provide feedback and make ourselves available for discussion and collaboration on the final version of the Toolkit. For any questions or comments about the submission, please contact Carol Valente at caroline.valente@energyconsumersaustralia.com.au.

Yours sincerely

Kerry Connors
Director, Energy Inclusion

ⁱ Alinta - <https://www.alintaenergy.com.au/help-and-support/help-and-support/billing-and-pricing/hardship-and-financial-support/help-pay>; Globird - <https://www.globirdenergy.com.au/help-support/help-pay/>
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