
Consultation paper: National Energy Retail Amendment (Assisting hardship customers) Rule 2025

STAKEHOLDER FEEDBACK TEMPLATE

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in the consultation paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the consultation paper.

To submit this form, [follow this link](#), and select the project reference code **RRC0060**.

SUBMITTER DETAILS

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DATE 16 January 2025

PROJECT DETAILS

NAME OF RULE CHANGE: ECMC Consumer rule change request Assisting hardship customers

PROJECT CODE: RRC0060

PROPONENT: The Hon Chris Bowen MP, Minister for Climate Change and Energy, as Chair of the Energy and Climate Change Ministerial Council

SUBMISSION DUE DATE: 16 January 2025

CHAPTER 2 – THE PROBLEM RAISED IN THE RULE CHANGE REQUEST

Question 1: Hardship customers may not be on the deemed better offer

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| <ul style="list-style-type: none">Do you agree that hardship customers may find it | We agree that a subset of hardship customers may face challenges engaging with their retailer. For example, |
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<p>challenging engaging with their retailer and agree to be on the deemed better offer? If so, could you outline some reasons why consumers might not accept a better offer from their retailer while on a hardship plan?</p> <ul style="list-style-type: none"> Do you consider existing retailer requirements and/or processes for hardship customers to be on the deemed better offer need to be improved? 	<p>customers experiencing family violence or language barriers may have limited access to certain communication methods. However, we note that there are already regulations in place that ensure additional protection and avenues for communication are provided to these customers.</p> <p>While Energy Locals understands the rationale for these proposed reforms, there are more appropriate mechanisms to assist customers experiencing hardship. In some cases, a customer’s bill may be high as a result of excessive energy usage and therefore, a best offer or bill credit will not address the underlying cause of their high bills or encourage more responsible use of energy. In summary, we do not consider it necessary to improve existing best offer requirements for hardship customers and note that as part of our regulator approved hardship policy, any customer who we speak to who is in hardship, we assess if they are on our best offer as part of that process.</p>
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CHAPTER 3 – THE PROPOSED SOLUTION AND IMPLEMENTATION

Question 2: Provision of bill credit to hardship customers who are not on a deemed better offer

<p>Do you agree with the proposed solution as outlined in the rule change request or are the existing arrangements to protect hardship customers sufficient (including EIC arrangements and existing AER guidelines)? If you agree with the proposal in the rule change request, please outline your reasoning.</p>	<p>We do not support the proposed rule change, which would require retailers to apply a credit to a hardship customer’s bill if the customer is not on the best offer.</p> <p>While the intent to ensure hardship customers receive the best possible pricing is commendable, and per above, forms part of the actions we will take as outlined within our hardship policy, this proposal effectively rewards disengagement. Disengagement can have several negative consequences, including:</p> <ul style="list-style-type: none"> when customers disengage, retailers lose the chance to provide education on more efficient energy use, which could help reduce their overall energy consumption and bills over time; and if customers know they will automatically receive a credit for not being on the best offer, they may be less inclined to engage with their retailer to discuss payment arrangements or seek assistance. This could lead to higher individual debt levels as customers avoid payment discussions and delay address their financial discussions. <p>Further, calculating the credit payable will add to the already high resource burdens associated with best offer obligations. Best offer calculations are complicated for billing platforms given the plethora of network tariffs and the added complexity that comes with seasonal usage and tariff changes midway through billing periods. Additionally, consumption patterns could change, along with retail offers which will add to the complexity of calculating the credit payable. Calculating the pro-rata cost for periods when a customer is not in hardship will further complicates this.</p>
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	<p>We have elaborated on these costs further in question 3.</p> <p>Finally, we note that a significant number of customers in our hardship program are high energy users, and this rule change will not incentivise customers to reduce their usage. Reducing energy consumption is the most effective way of lowering energy bills. We, therefore, urge the AEMC to consider reforms that relate to assisting vulnerable customers to lower usage – for example by providing access to energy efficiency schemes and distributed energy resources for customers in hardship.</p> <p>It is essential to ensure that the responsibility for supporting hardship customers is shared and does not rest solely with retailers. That said, we do consider that the existing AER guidelines provide sufficient protections to hardship customers.</p>
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Question 3: Costs and benefits of the proposed solution

<p>Are there other potential benefits or costs not identified or that we should have regard to?</p>	<p>We agree with the potential costs outlined in the Consultation Paper in section 3.2.2.¹</p> <p>We urge the AEMC to recognise that calculating the credits payable becomes a manual task, based on the individual circumstances, which adds further costs to retailer operations.</p>
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Question 4: Implementation considerations

<ul style="list-style-type: none"> • What factors could be considered for a credit mechanism that would help to minimise the costs and maximise the benefits? • Do you think the proposed rules-based approach is appropriate? Or should this obligation be required through AER guidelines (eg, Customer Hardship Policy Guideline) instead? • What transitional provisions would help retailers and their customers? 	<p>We do not support the proposed rule given that, as outlined above, there will be complexities in calculating the credit. If this rule change were to be implemented there must be clear guidance to assist retailers.</p> <p>We consider amendments would be better made to the AER guidelines rather than to the National Energy Retail Rules. A more flexible rather than prescriptive approach would be preferred.</p>
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CHAPTER 4 – MAKING OUR DECISION

Question 5: Assessment framework

<p>Do you agree with the proposed assessment criteria? Are there additional criteria that the Commission should consider or</p>	<p>We agree with the proposed assessment criteria. We also consider that additional criteria could be added. We encourage the AEMC to consider the significant role retailers</p>
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¹ AEMC, Assisting hardship customers, Consultation paper, 28 November 2024, page 11-12

criteria included here that are not relevant?	already play in supporting customers experiencing financial hardship and alleviating their financial strains.
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OTHER COMMENTS

1. Additional information or considerations	<p>Given the limitations associated with best offers, we urge the AEMC to consider alternate options if the AEMC considers that another reform to regulations to address high bills for customers in hardship is required.</p> <p>Energy Locals considers that there are alternative approaches to supporting hardship customers that are both more effective and distribute the responsibility more equitably, rather than placing it solely on retailers.</p> <p>Energy Locals would be supportive of new requirements for communicating with customers on payment arrangements. If customers are not engaging with their bills, separate targeted communications advising them of a better offer could be more successful than an automated switch and ensure that customers can retain control and make informed decisions.</p> <p>We also think that the AEMC should consider reforms that relate to providing access to energy efficiency schemes and distributed energy resources for customers in hardship. Reducing energy consumption is the most effective way of lowering energy bills. This also ensures that the burden does not sit solely with retailers.</p>
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