



Feedback to Industry & Investment NSW regarding the Energy Customer Hardship Regulatory Amendments

November 2009

About NCOSS

The NSW Council of Social Service is the peak body for the social and community services sector in New South Wales. NCOSS works with its members on behalf of disadvantaged people and communities towards achieving social justice in NSW. NCOSS provides an independent voice on social policy issues and social and economic reforms. It is the major coordinator for non-government social and community services in NSW.

The proposed changes

The proposed changes to the *Electricity Supply (General) Regulation* fulfil the commitment given by the NSW Government in its Consumer Protection Package announced in May 2009 as part of the Customer Assistance Policy.

NCOSS understands that the NSW Government's proposed regulatory changes will require that energy retailers develop, implement and publish on the retailer's website, a Customer Hardship Charter for the benefit of residential customers who are identified as experiencing financial difficulty. These amendments will also require that a retailer's Customer Hardship Charter include:

- processes to identify Hardship Customers at an early stage, including a process to enable customers experiencing hardship to 'self-identify' to the retailer;
- flexible payment options for Hardship Customers; and
- processes to identify any appropriate Government concession programs and appropriate financial counselling services for Hardship Customers.

The proposals also require that a retailer not disconnect a Hardship Customer unless the retailer has made two separate written offers of assistance under the retailer's payment plan in the previous 12 months.

Comments on the proposal

NCOSS supports the proposed amendments as they will require all retailers to introduce a hardship charter. This is not a significant change as most retailers already have such charters in NSW. However, NCOSS would prefer to see stronger regulation regarding customer hardship charters.

NCOSS notes that the proposed regulatory amendments requiring retailers have a customer hardship charter bring into effect the requirements of the first exposure draft of the National Energy Customer Framework (NECF). It seems likely that the regulatory change will be in place before the NECF will come into effect.

The first exposure draft of the NECF included minimum requirements for energy retailers' customer hardship policies which must contain:

- processes to identify customers experiencing payment difficulties due to hardship, including identification by the retailer and self-identification by a residential customer;
- processes for the early response by the retailer in the case of residential customers identified as experiencing payment difficulties due to hardship;
- flexible payment options (including a payment plan) for the payment of energy bills by hardship customers;
- processes to identify appropriate government concession programs and appropriate financial counselling services and to notify hardship customers of those programs and services; and
- an outline of a range of programs that the retailer may use to assist hardship customers.

It appears that the proposed regulatory amendments cover these aspects of the NECF.

Recommendations

NCOSS believes that the NECF establishes a minimum for energy customer hardship policies/charters. The NSW Government is able to exceed these minimum requirements through appropriate state-based regulation. NCOSS recommends that the NSW Government enhance the regulations to exceed the minimum under the NECF.

Enhancements to the regulations should include the requirements for the Hardship Charters to assist consumers to reduce energy consumption through reasonable behaviour change and other efficiency measures including home audits, retrofits and appliance upgrades. This is not to suggest that retailers should be responsible for any related expenditure but that hardship policies must address the issue.

Hardship policies should also address the question of price and tariff structure. An assessment should be made of the circumstances of the customer, their contractual arrangements and their tariff choices. This will be of increasing importance as retail tariff structures become more complex (e.g. with time-of use tariffs) and especially if retail price regulation is phased out from 1 July 2013.

Finally, consideration should be given to appropriate oversight and approval mechanisms for the hardship charters. NCOSS believes that to ensure that hardship charters achieve a minimum standard Ministerial or other approval should be required before publication.

Conclusion

NCOSS welcomes the proposed regulatory change to require the introduction of hardship charters for energy retailers in NSW. NCOSS proposes that the charters be strengthened to improve consumer protection and require Ministerial or other approvals before implementation by the retailer.