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Ms Kate Wild
Project Leader
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

17 October 2018

Dear Ms Wild

**Submission to the Australian Energy Market Commission (AEMC):
Strengthening Protections for Customers in Hardship**

The Energy and Water Ombudsman (SA) Limited ("EWOSA") welcomes the opportunity to comment on the Australian Energy Market Commission's Draft Rule Determination on the *Strengthening Protections for Customers in Hardship* rule change request.

EWOSA is an independent Energy and Water Ombudsman Scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers with regard to (*inter alia*) the connection, supply or sale of electricity, gas or water.

We support the preferred draft rule that would require the Australian Energy Regulator (AER) to develop binding Customer Hardship Policy Guidelines (Hardship Guidelines) for energy retailers to abide by when dealing with hardship customers.

It is likely that the development and implementation of binding Hardship Guidelines will help to improve the performance of retailers in dealing with hardship customers and particularly raise the proportion of customers who successfully exit a hardship program. The trend towards higher levels of debt for customers upon entry to a hardship program and for customers who are not receiving assistance would be likely to reverse. The number of disconnections may also fall. EWOSA would expect to receive fewer complaints regarding financial hardship, credit reference and disconnection as a result.

The drafting of the preferred rule, so that it gives effect only to the minimum requirements set out in section 44 of the National Energy Retail Law (NERL), the purpose of hardship policies outlined in section 43 of the NERL and the principles the AER must apply when approving hardship policies, as outlined in section 45 of the NERL, is appropriate.

We believe the use of standardised statements will provide for better application of the hardship protections for vulnerable customers and also provide clarity for retailers in how to effectively manage hardship customers and for energy customers to better understand their rights. This will improve consistency across retailers and lift underperforming retailers closer to industry best-practice.

We agree with the draft decision to retain the hardship indicators in the AER's *Performance Reporting Procedures and Guidelines*, rather than relocate them to the Hardship Guidelines.

We also agree with AEMC's views on the application of civil penalty provisions only to the parts of the preferred draft rule where civil penalty provisions do not currently exist.

We believe the transitional arrangements and timeframes set out for the implementation of the preferred draft rule are appropriate, given the importance of having effective hardship practices in place. However, the April 2019 timeframe for the AER to publish the Hardship Guidelines needs to ensure enough opportunity for robust consultation to take place during the development of the Hardship Guidelines.

Should you require further information or have any enquiries in relation to this submission, please email me at antony.clarke@ewosa.com.au or telephone me on (08) 8216 1851.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Antony Clarke', written in a cursive style.

Antony Clarke
Policy and Research Officer
Energy and Water Ombudsman SA