



EnergyAustralia

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Essential Services Commission
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Payment difficulty framework amendments to the compliance and performance reporting guideline – Draft Decision 29 May 2018

EnergyAustralia welcomes the opportunity to make a submission to the Essential Services Commission (the Commission) on the proposed changes to the Compliance and Performance Reporting Guidelines to adopt changes to reflect implementation of the Payment Difficulties Framework (PDF draft Guidelines).

We are one of Australia's largest energy companies, with over 2.6 million household and business customer accounts in NSW, Victoria, Queensland, South Australia and the Australian Capital Territory. We also own and operate a multi-billion dollar portfolio of energy generation facilities across Australia, including coal, gas and wind assets with control of over 4,500MW of generation in the National Electricity Market. In Victoria, we provide gas and electricity to around 20 percent of households.

We agree that the ESC's Guidelines should be updated to reflect the commencement of the payment difficulty framework. Updating the performance indicators in this way will allow for monitoring of the effectiveness of PDF for Victorian customers and of retailers' ability to comply with the new framework.

In this submission we have reviewed each of the revisions and provide comments where we think further clarification or consideration is required.

1. Performance Indicators

With respect to the proposed replacement of existing performance indicators in Table 2.2 we make the following comments:

- Existing indicator reference H020, proposed to be replaced by:
 - Residential customers who accessed both standard assistance and tailored assistance

This indicator is ambiguous. We are not sure what this indicator is intended to capture. Does it mean a single customer who has accessed *both* standard assistance and tailored assistance during the period; or does it mean the *total* number of customers who accessed any kind of assistance?

We propose that this indicator is limited to tailored assistance as it is difficult to ascertain customers who have received standard assistance during a reporting period as they enter and exit standard assistance. It may not be possible to differentiate those customers coming in and out of the assistance measures. For example, customers who are on a payment plan or pay in advance for convenience or budgetary needs. In these circumstances, customers may be accessing payment arrangements which are attributes of customers receiving "standard assistance", but they are not experiencing payment difficulty or potential payment difficulty. We can report on the number of customers who have the standard assistance attributes (and we ask for clearer definition to ensure consistency of counts across retailers) however this does not mean customers are experiencing difficulty or are at risk of going into arrears. In many cases we may not have had any discussion with the customer meaning we have not assessed whether they are actually in "payment difficulty" or are receiving "assistance." The potential for overreporting customers in difficulty is significant.

In addition, it is not clear how to categorise and report dual fuel customers accessing assistance when customers are identified at account level (and not customer level). Issues for consideration are whether customers are receiving assistance for both or just gas or electricity; is there a risk they will be overreported?

In practical terms, we believe that this indicator should be limited to customers who accessed Tailored Assistance only, i.e. those customers with arrears of more than \$55. We believe that the cost and complexity of identifying and reporting on customers accessing Standard Assistance outweighs any benefit that is likely to be derived from it, because the data is unlikely to deliver meaningful representation of customers experiencing difficulty.

2. Existing indicator reference D021; D022, proposed to be replaced by:
 - Residential customers receiving assistance with aged arrears

We think this should specify tailored assistance (for consistency and clarity) because the Commission definition of arrears is debt greater than \$55 (which means a customer would be entitled to receive tailored assistance). This amendment would allow for the reconciliation that is envisioned by the accompanying indicator:

- Residential customers not receiving assistance with aged arrears

3. Existing indicator reference H140; H150; H160; H170, proposed to be replaced by:
 - Residential customers who implemented practical assistance measures

EnergyAustralia conducts energy efficiency audits over the phone with our customers. We also offer our customers the opportunity to have an in home audit conducted by Kildonan Uniting Care or an over the phone audit. We know the number of customers we have conducted phone audits with, the number of customers we have referred to Kildonan and the number of audits completed (noting that the number of customers who proceed with an in home audit is much less than those who are referred). However, we are unable to know or identify how many customers proceed to implement the recommendations. To determine this information would require follow up phone calls and the asking of somewhat personal information. Customers are likely to find this intrusive and may not always provide this information or may not provide accurate information. Further we do not consider changes in consumption as a reliable indicator a customer's uptake of energy audit recommendations; there may have been any number of changes in the household which have resulted in changes in total household usage (for example more or fewer people residing in a household or seasonal variations).

For the most part, we are of the view that the PDF draft Guidelines will assist the Commission to monitor the effectiveness of the PDF framework and EnergyAustralia looks forward to continuing to work cooperatively with the Commission to assist it to clarify the performance indicators we have mentioned. Should you require further information regarding this submission please call Samantha Nunan on [REDACTED].

Yours sincerely

Melinda Green

Industry Regulation Leader