

Consumer protections and energy affordability

SACOSS Hardship &
Affordability Conference

29th April 2015

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Agenda for today

1. Energy affordability in South Australia – summary of stats
2. A policy framework for Energy Affordability – roles and responsibilities
3. Regulated obligations to provide support for customers experiencing financial difficulty
4. AGL Energy Affordability Initiative
5. New industry-led initiatives to support energy consumers
6. Questions?

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Affordability in South Australia

... some stats

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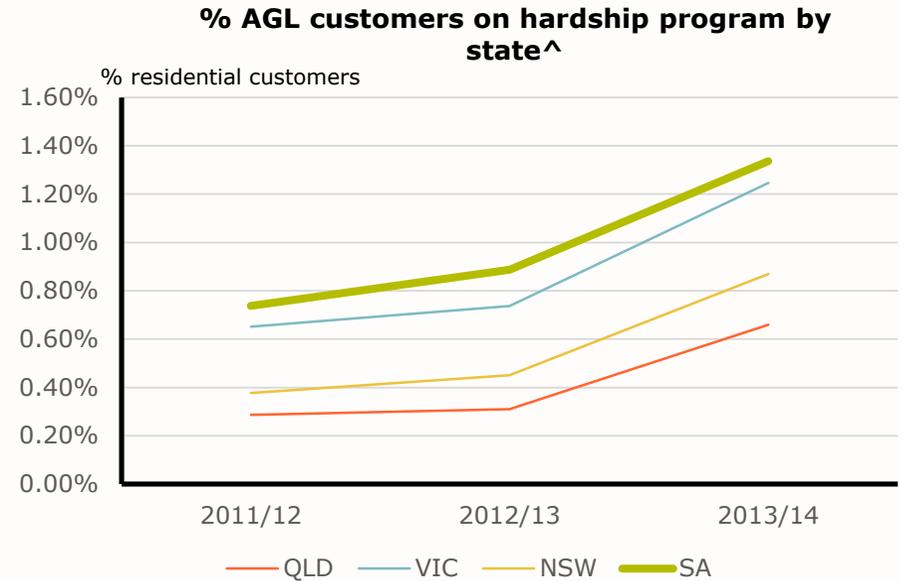
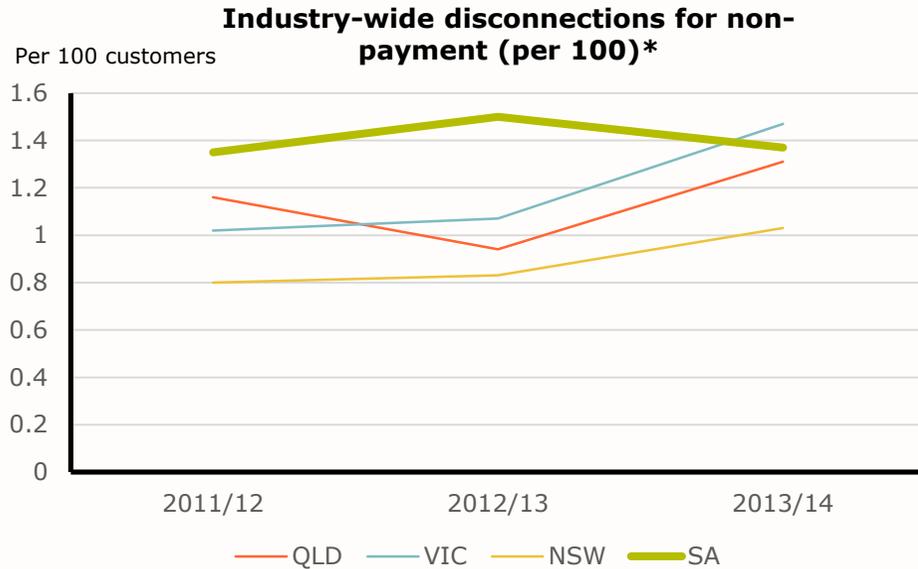
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South Australia – disconnections and hardship

Hardship and disconnections statistics by state



- South Australia has had consistently higher levels of disconnection and customers on AGL’s hardship program – likely driven by broader socio-economic factors, along with relative change in price compared to incomes (impacted by a range of factors)
- Slight decline in industry-wide disconnections in 13/14

* Energy Retailers Comparative Report – Customer Service 2013/14

^ Residential contract numbers, not customer numbers

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A framework for Energy Affordability – roles and responsibilities

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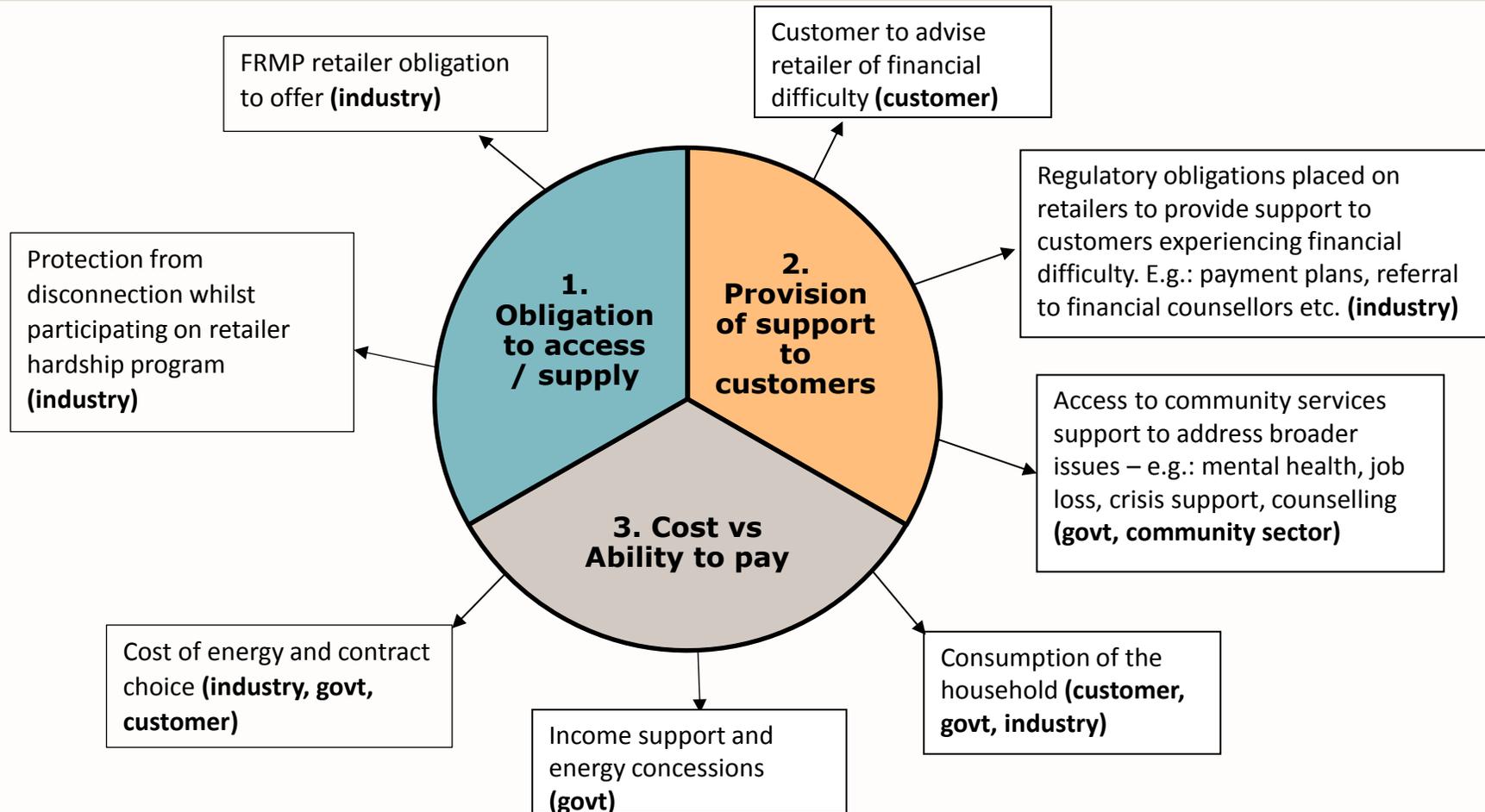
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A policy framework for Energy Affordability

Differentiated roles and responsibilities



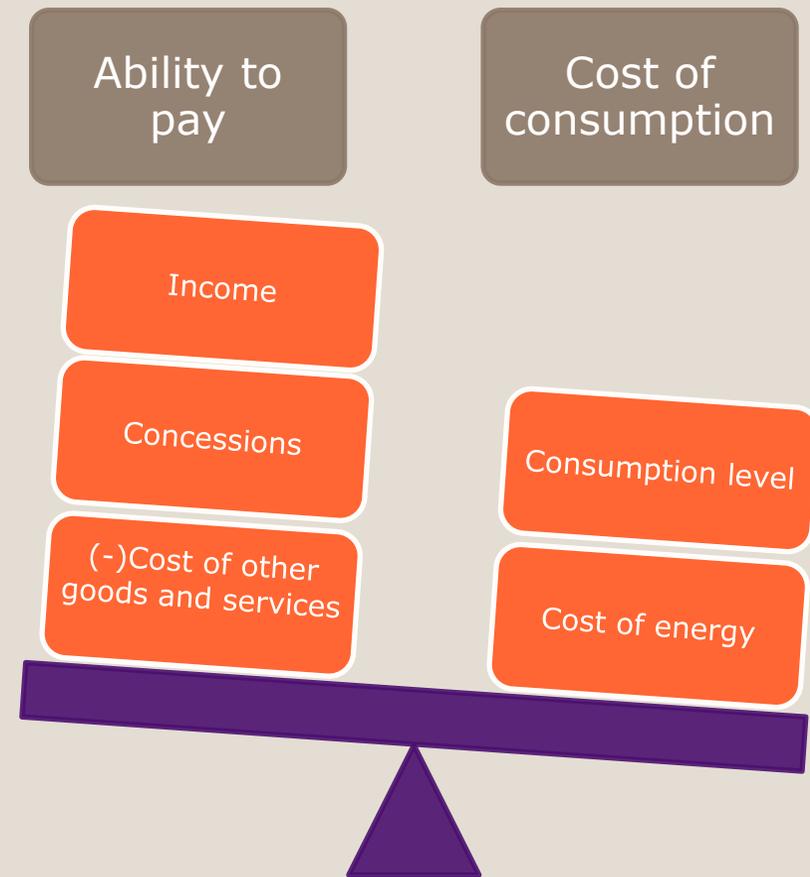
Importance of a shared responsibility approach

All sectors play their part in sustainable outcome

Affordable access to energy supplies for customers is fundamentally impacted by a number of factors:

- **Level of consumption** (which in turn can be impacted by family structure, seasonality, building fabric, home tenure, lifestyle, available capital to invest in efficiency measures, climate zone);
- **Price of energy** (driven by generation, network and retail costs, contract choice, govt schemes);
- **Level of income;**
- **Availability/adequacy of energy concessions** (base concessions, emergency relief, special purpose).

Some of these factors energy retailers can address directly, others fall within expertise of government and the community sector or with the customer.



We recognise there are also non-financial factors.....

Industry obligations to support customers in financial difficulty

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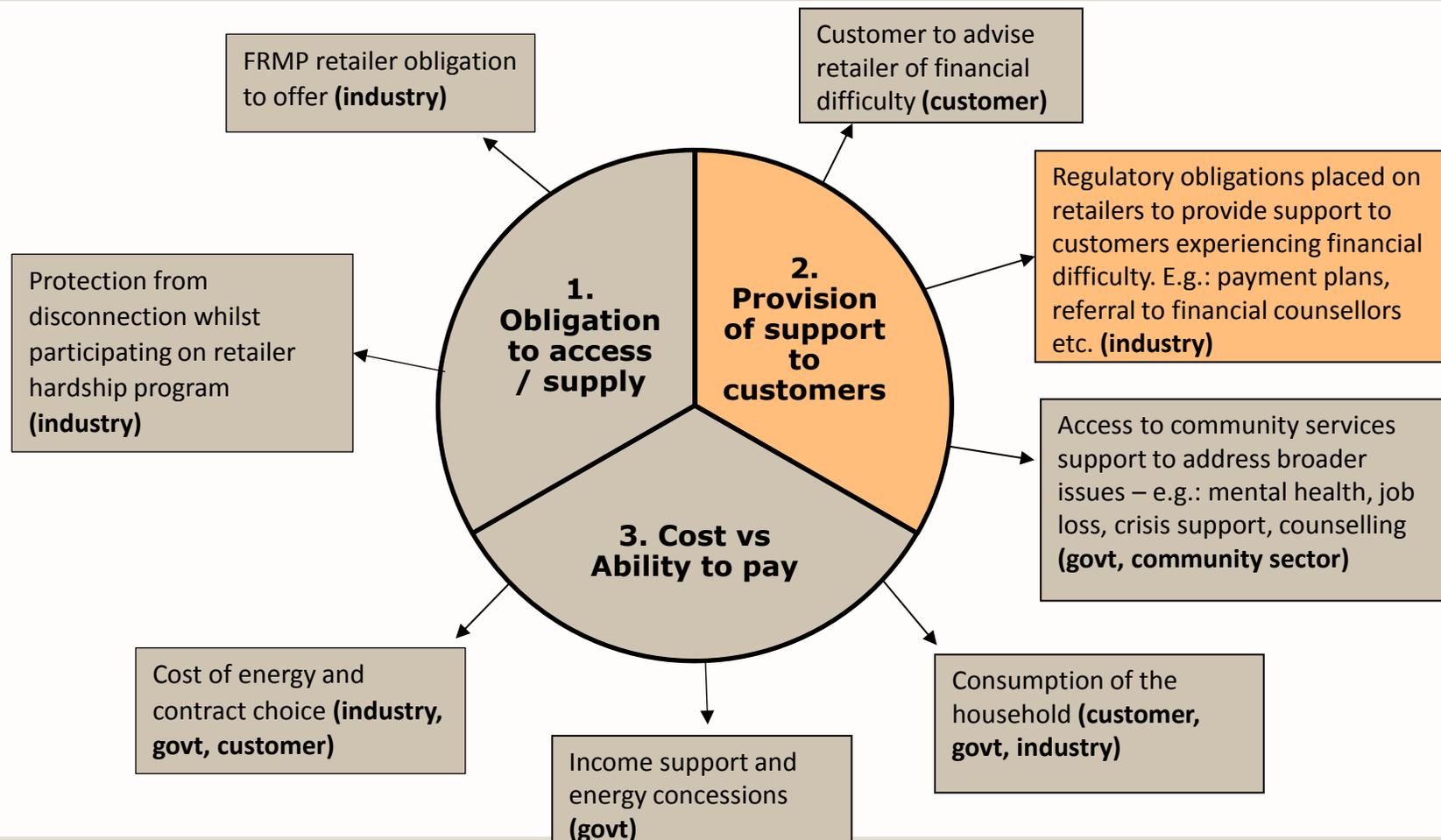
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Focus on support retailers are required to provide

Within the regulatory framework NERL and NERR



Regulatory obligations in the NERL and NERR

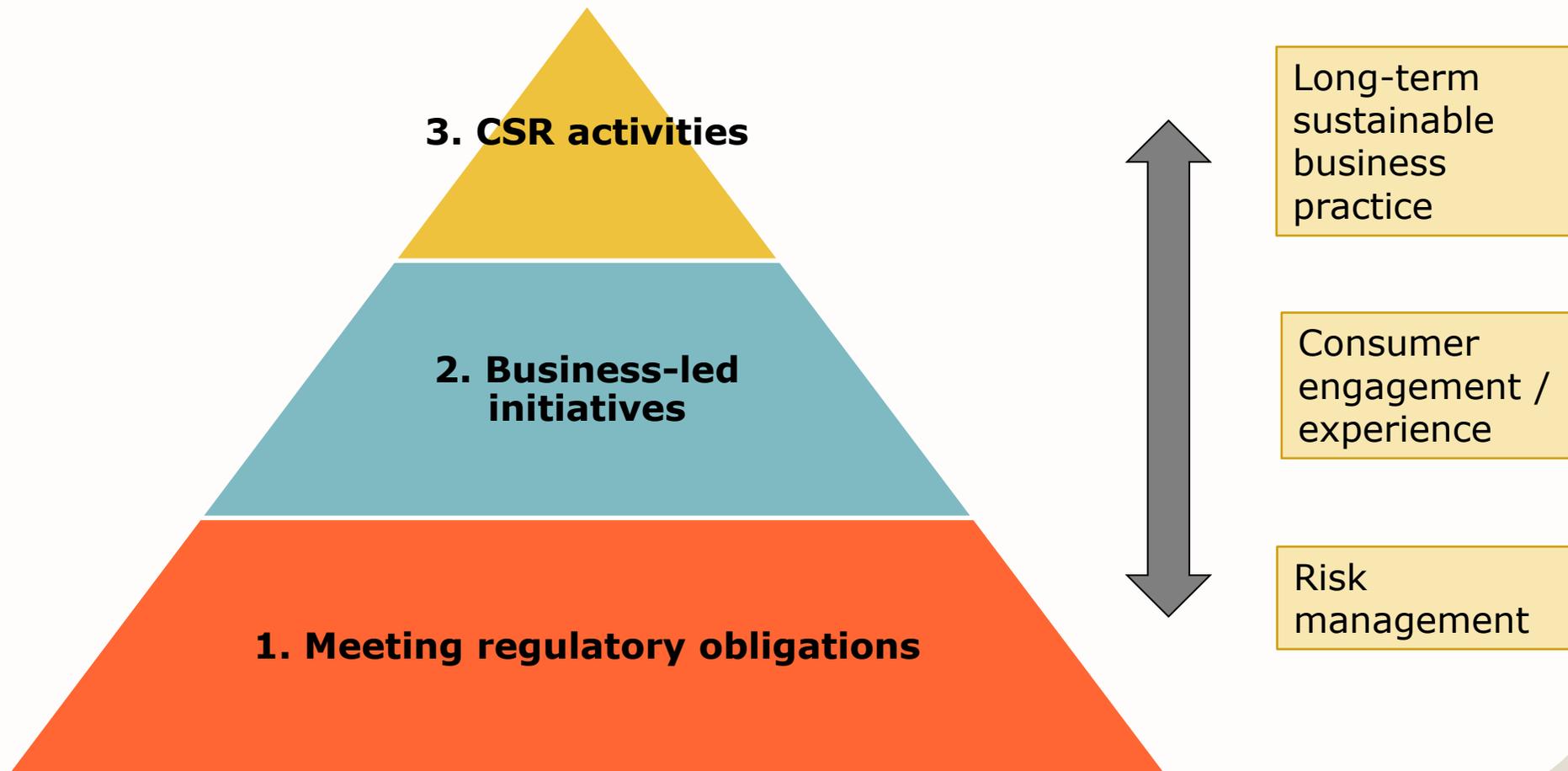
A quick summary

In order to support customers experiencing financial difficulties, retailers must provide for customers:

- Payment deferrals;
- Payment plans;
- Hardship programs approved by the AER, which include:
 - Offering an extension of time to pay, flexible payment options and payment plans (including Centrepay)
 - Advice on government concession programs that may be available;
 - Referral to financial counselling services;
 - Reviewing your energy contract to make sure you are on one that best meets your needs;
 - Providing energy efficiency advice to help reduce bills (audits in some states);
 - Waiving any late payment fees;
 - Protection from disconnection whilst engaging on program.

Pro-active measures to support consumers

Various ways in which industry can deliver support



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AGL's Energy Affordability Initiative

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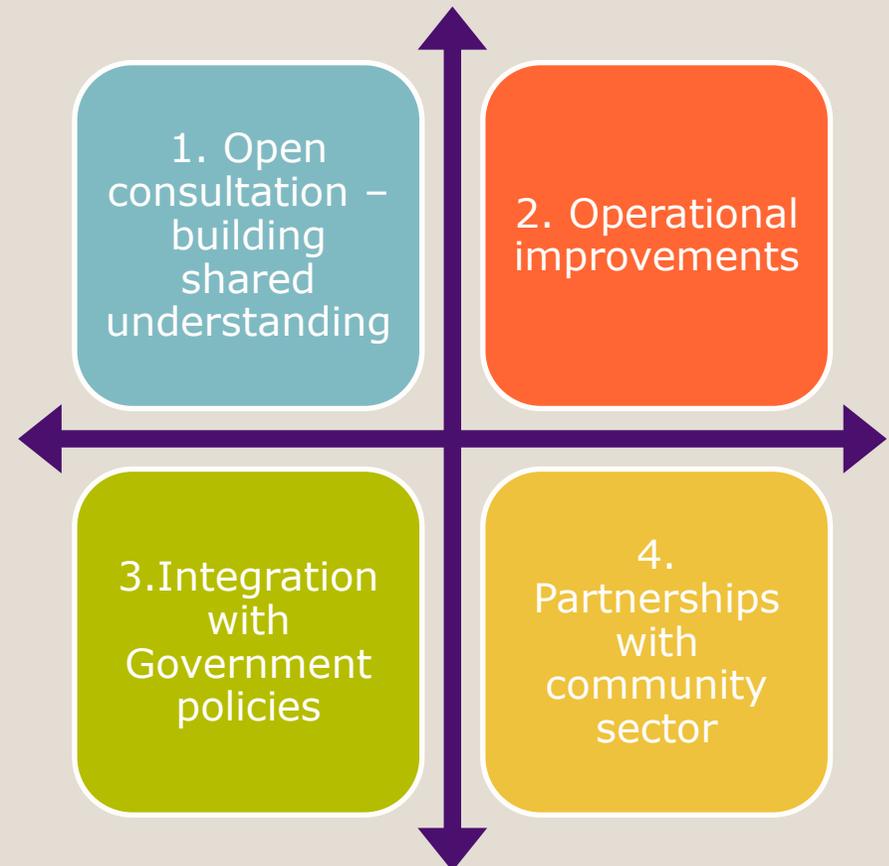
The AGL logo consists of a stylized sunburst icon to the left of the letters 'AGL' in a bold, white, sans-serif font, all contained within a blue rectangular box.

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Four cornerstones of the Affordability Initiative

We're taking an integrated approach...

- 1. Open consultation** – committed to ongoing engagement & feedback. Strength in understanding different perspectives on challenge at hand.
- 2. Operational improvements** – proactive prevention from business (culture, training, communications) to mitigate debt issues earlier.
- 3. Integration with government policies** – ensuring we operate alongside and with government to deliver effective policies and programs to support customers (concessions and energy efficiency).
- 4. Partnerships** – Building integrated programs which leverage the strengths of various sectors.



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What's happened since September?

Timeline of progress

September

- Consultation sessions with 18 community organisations across QLD, VIC, NSW

October

- Consultation continues VIC and SA, along with other sectors and businesses known for 'best practice approach'

November

- Launch of 24/7 access for AGL customers
- All feedback brought back to the business, internal workshops to prioritise activities

December

- AGL makes Affordability Commitment to QCOSS, PIAC, SVDP, Kildonan Uniting Care, Brotherhood of St Laurence and SACOSS at Roundtable outlining improvements

January

- Consultation with Commitment partners on the design of the \$6 million support fund
- Updated AGL website to make support info easier to find

February

- Finalised design of \$6 million support fund
- Hotline for financial counsellors to call directly through to AGL hardship specialists

March

- Report back to consumer groups, policymakers and regulators in Sydney, Brisbane, Melbourne and Adelaide

April

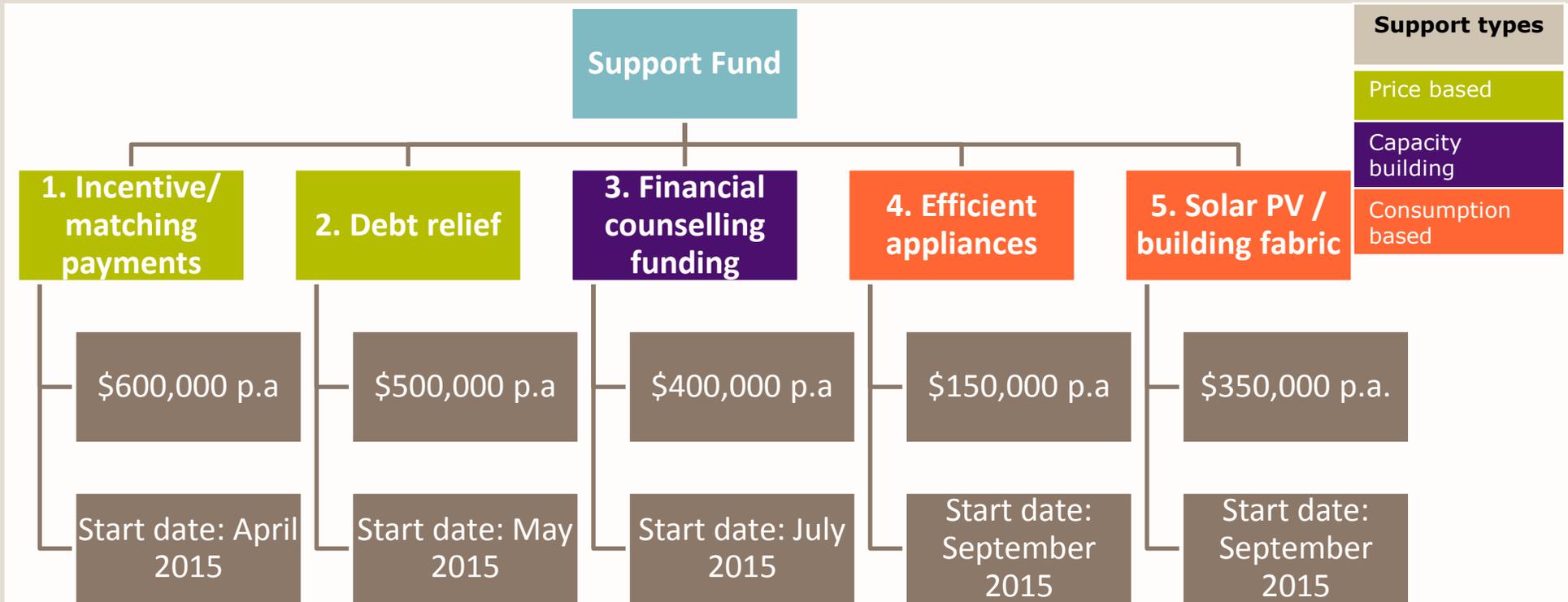
- Low-income energy efficiency workshop (community and policymakers)
- Incentive payment scheme begins

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Affordability Initiative Support Fund



- Phased delivery throughout 2015 will ensure program is implemented most effectively and targeted appropriately. Over time this will fit with an overall AGL operational shift towards 'phased support' for vulnerable customers

Over the next twelve months

We're planning on a mix of projects...

- Operationalising the support fund:
 - Incentive Payments and Debt Relief to be available for customers from **April & May 2015**;
 - AGL and the FCA to form an agreement for the funding of identified financial counselling agencies by **July 2015**;
 - Workshop will be held with relevant community organisations in **April 2015** to discuss the potential design of the Energy Efficient Appliance program;
 - Options Paper for solar investment in social housing, rental and home owners experiencing persistent hardship will be delivered in **May 2015**, post discussions with Government agencies, AGL New Energy and community organisations.
- Culture and training improvements
- Trialling new and more engaging methods of communication with customers
- Developing new energy products which are clear and simple to understand
- Working through industry body ERAA on Energy Concessions enhancements with industry and community groups (AGL Chairs this cross-sectoral Working Group)
- Holding 'Bring your bill' info and outreach sessions in identified regions of energy hardship

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New industry-led initiatives to improve support to customers

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ERAA Affordability Forum and Working Groups

Collaborative work to address key issues of forum

- In August last year, the ERAA held an Affordability Forum in Sydney. The forum brought together over 70 representatives from industry, government and the community sector.
- Out of this forum a number of key issues were identified by the facilitator as priority issues collectively prioritised for further work;
- The ERAA has Working Groups currently underway:
 1. Developing industry-wide consistent messaging on payment assistance that is easily accessible to consumers
 2. Undertaking research on consumer engagement and how industry can better engage with consumers in providing information to assist manage energy bills
 3. Concessions Framework Review
 4. Researching consumer preference on bill and letter content with a focus on improving outcomes for vulnerable consumers
 5. Exploring payment and billing options including an 'opt-out' model of monthly billing

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Any questions /
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