



**Essential Services Commission**

**Level 37, 2 Lonsdale Street**

**Melbourne VIC 3000**

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22 June 2018

**Essential Services Commission – Compliance and Performance Reporting indicator draft changes**

AGL Energy (AGL) welcomes the opportunity to comment on the Essential Services Commission's (Commission) draft amendments to the Compliance and Performance Reporting requirements.

AGL support amendments to the Compliance and Performance Reporting requirements in preparation for the Payment Difficulties Framework with a few matters for clarification or amendment. AGL's key concerns in this regard relate to the following key points (detailed further in the Attachment):

- The use of the term 'unreasonable customer action' (UCA).
- The use of subjective undefined compliance metrics and indicators that may result in inconsistent reporting across retailers.
- The timing for finalisation of these amendments by the Commission.

The Commission's decision to align sign off requirements with that of the Australian Energy Regulator to allow for Managing Director sign-off is welcomed and we encourage other such alignments in process, timing and requirements where possible.

AGL continue to stress the importance of the Commission finalising these requirements as a matter of urgency, as the required indicators will ultimately influence implementation of the Payment Difficulties Framework in to retailer system builds and processes. Delay of this will affect retailer's ability to effectively and cost-efficiently implement a business solution for the payment difficulties framework.

We would welcome the opportunity to discuss these concerns in more detail with the Commission. Should you have any questions or comments, please contact Kathryn Burela on 0498 001 328 or [kburela@agl.com.au](mailto:kburela@agl.com.au).

Regards

Elizabeth Molyneux

General Manager Energy Markets Regulation



Commission proposed change – Compliance	Note	AGL comment
<b>Definition:</b> Unreasonable customer action	Operation Definition	Retailer definition and implementation of measures to assess unreasonable customer action may result in over or underreporting and will prove highly problematic from a compliance and consistent reporting perspective.
<b>B180 – Notices delivered to residential customers related to payment difficulty</b>	Clarification	What does suspended assistance mean and what is the reference to notice requirement?
<b>D050B - Disconnection for unreasonable customer action (UCA)</b>	Operation Definition	See above – lack of definition of UCA will cause inconsistencies in reporting.
<b>D051B - Other disconnections (residential)</b>	Purpose	Request detail on the purpose of collecting ‘disconnected voluntarily’.
<b>D090 - Disconnections on more than one occasion</b>	Operation Clarification	Suggested rephrasing for ‘customers that <b>are</b> able to repay their arrears and pay for their ongoing usage costs’ to ‘customers that <b>have been</b> able to repay their arrears and pay for their ongoing usage costs’. Retailers will need to review usage behaviour and may need to suggest adjustments of payment arrangements.  Clarification on the effect of this indicator. Tailored Assistance (TA) customers should have been removed for non-payment prior to disconnection and would return a 0.
<b>H050 Average arrears of residential customers commencing TA</b>	Operation	This is not practical from a business perspective and is only relevant as a point in time indicator. Recommend changing this to be a split between customers meeting their agreed arrangements and those that are not.



<b>H060 Residential customers who have commenced TA</b>	Clarification	Is this intended as <i>first time ever</i> <u>or</u> <i>first time that month</i> . Is this for fuel level <u>or</u> customer level?
<b>H080 Average duration of customers receiving TA</b>	Clarification	Is this intended for where a customer is on TA for the first time ever, <u>or</u> since receiving their current round of TA? Practically the second option will be highly complex for retailers to track and report on.
<b>H090 – Residential customers no longer receiving TA because no arrears</b>	Scenario	In what scenarios does the Commission consider a TA2 customer will not have arrears if debt is on hold for 6 months?
<b>H110 Residential customers no longer receiving TA due to unreasonable customer action</b>	Definition	See above – lack of definition of UCA will cause inconsistencies in reporting.
<b>Residential customer receiving SA</b>	Clarification Operation	How does the Commission envisage retailers differentiating between customer payment choice vs standard assistance? For example, customers who are on bill smoothing as a billing solution as opposed to a payment difficulty solution? This will likely result in overreporting of SA against those customers who elect to take up a payment option.
<b>Disconnection of residential customers who did not receive assistance</b>	Clarification Operation	How does the Commission intend retailers to determine whether the customer was anticipating or facing payment difficulties? Particularly in context of non-engagement, how can a retailer determine this?



<p><b>Residential customers not receiving assistance, with aged arrears</b></p> <p><b>Residential customers receiving assistance, with aged arrears</b></p>	<p>Operation Scenario</p>	<p>How does this indicator work?</p> <ul style="list-style-type: none"> <li>• What if a customer has \$2400 in arrears but \$1400 of that has been accrued in the last 12 months and the rest was accrued in the 12 months prior? Is this reported wholly under iv or partially under I and ii?</li> <li>• Is using one of the SA options considered receiving assistance? If so, how do retailers determine whether a payment arrangement is because the customer elected to do it, or did so under Standard Assistance offer?</li> <li>• How is debt age calculated? Invoice level or account level?</li> </ul>
<p><b>Residential customers with arrears at disconnection</b></p>	<p>Confirmation</p>	<p>The debt amount at the end of the month; not the debt amount at time of disconnection.</p>
<p><b>Residential customers who accessed both standard and tailored assistance</b></p>	<p>Clarification Operation</p>	<p>Do customers need to have accessed both SA and TA within the last 6 months or customers who have received TA in the last 6 months who have previously received SA (at any time)</p> <p>Operation – is this unique customer numbers or number of instances of a transition?</p>
<p><b>Residential customers who implemented practical assistance measures</b></p>	<p>Clarification</p>	<p>Clarification – Does this measure apply to customers who implemented <b>all or any</b> measures proposed/agreed?</p> <p>Clarification – What is the measure, actual performance of the assistance or acceptance of the assistance?</p>



Commission proposed change – Compliance	AGL comment
<p><b>Clause 76 – Standard assistance</b>            Retailers must take steps to provide the forms of standard assistance to their residential customers.</p>	<p>What will the test be? How do you determine a pass/fail for this indicator?</p>
<p><b>Clause 79 – Minimum assistance</b> - Residential customers who are in arrears are entitled to certain types of tailored assistance to make it easier to pay for their on-going energy use, repay their arrears and lower their energy costs.</p>	<p>What will the test be? How do you determine a pass/fail for this indicator?</p>
<p><b>Clause 83 – Continued provision of assistance</b> - A retailer must continue to provide tailored assistance to a residential customer unless the customer has refused to take reasonable action towards paying for their on-going energy use or arrears or the customer is no longer facing payment difficulties.</p>	<p>What is the threshold for failure/refusal to take reasonable action? How will compliance be measured?</p>
<p><b>Clause 87 – Written communications</b> -communications to customers must be expressed in plain language, legible, presented clearly and appropriately and provided free of charge. In addition, this provision sets out the requirement to send written material by post unless the customer has given explicit informed consent to another method.</p>	<p>Subjective wording makes this difficult to ensure compliance – Commission to clarify.</p>
<p><b>Clause 89 – Retailer obligations</b> - various obligations that retailers must comply with when dealing with customers or government including acting fairly, communicating clearly and unambiguously, providing assistance in a timely manner and comply with any guideline published by the Commission.</p>	<p>Subjective wording makes this difficult to ensure compliance – Commission to clarify.</p>