

27 March 2020

AER Statement of Expectations of energy businesses: Protecting consumers and the energy market during COVID-19

The COVID-19 pandemic is having a significant impact on the Australian community and our stakeholders.

Many people are or will be affected by dramatic changes to their lives, businesses, income and working arrangements, and those of their friends, families and communities. Energy use and the ability to pay their bills may in turn be affected.

We expect that those customers who can pay their bills will go on doing so. This is vital to ensuring the ongoing viability of energy businesses. However, we also recognise that the circumstances arising from this pandemic, and the impacts on the economy, mean more customers may find it difficult, or impossible, to pay their bills at the moment. Customers should be encouraged to utilise online assistance on retailer websites or contact call centres as early as possible. Retailers must also be mindful of the different communication needs of their customers, including those from culturally and linguistically diverse backgrounds.

Energy is an essential service. The energy market has an important role to play in protecting and supporting businesses and the community through the pandemic and our recovery. There are important steps we expect energy businesses to action from today to support their customers.

Our expectations

To ensure the continued safe and reliable supply of energy to homes and businesses, and to support both residential and small business customers experiencing financial stress, we expect retailers, distributors and exempt sellers to adhere to the following principles to the maximum extent possible.

These principles are intended to ensure the protection of customers and the market through this difficult time.

1. Offer *all residential and small business customers who indicate they may be in financial stress* a payment plan or hardship arrangement, regardless of whether the customer meets the 'usual' criteria for that assistance.
2. *Do not disconnect* any residential or small business customers who may be in financial stress, without their agreement, before 31 July 2020 and potentially beyond.
3. *Do not disconnect* any large business customer, without their agreement, before 31 July 2020, and potentially beyond, if that customer is on-selling energy to residential or small business customers (for example, in residential parks or retirement villages).
4. Defer referrals of customers to debt collection agencies *for recovery actions, or credit default listing* until at least 31 July 2020.
5. Be prepared to *modify* existing payment plans if a customer's changed circumstances make this necessary.
6. *Waive* disconnection, reconnection and/or contract break fees for small businesses that have ceased operation, along with daily supply charges to retailers, during any period of disconnection until at least 31 July 2020.
7. Prioritise the safety of customers who require *life support equipment* and continue to meet responsibilities to new life support customers.

8. Prioritise *clear, up-to-date communications* with customers about the issues addressed in this Statement, including by keeping website, social media and call centre waiting and hold messages up to date, so customers can readily access updates when they need them and relieve some pressure on affected call centres.
9. Prioritise clear communications with customers about the *availability of retailer and other supports*, including the availability of payment plans, energy efficiency advice and fault repair.
10. Minimise the frequency and duration of planned outages for critical works, and provide as much notice as possible to assist households and businesses to manage during any outage.

Some of these principles reflect particular responses required in the current COVID-19 pandemic, while others reinforce existing requirements under energy laws.

Compliance

Our compliance focus is ensuring customers receive the support they need and protections to which they are entitled. We will be closely monitoring compliance with provisions of the National Energy Retail Law, National Energy Retail Rules and exemption guidelines that protect customers facing payment difficulties.

We will also be closely monitoring customer outcomes, and the extent to which our expectations as set out in this Statement are met, through our performance reporting framework and our ongoing engagement with energy Ombudsman schemes.

Our performance reporting framework will be amended to enable more timely reporting of data on payment plans, hardship, disconnection and credit collection. Outcomes of our monitoring will inform whether any changes are needed to existing guidelines or rules to better protect customers. This includes rules and guidelines on minimum disconnection levels, customer hardship, and compliance procedures.

Contact us at an early stage if current conditions create compliance difficulties. We will work with all market participants to address concerns and will, where appropriate, consider a more flexible approach to ensure market participants can continue to operate in the long-term interests of end users.

Our priorities

We recognise there is a need to focus on new and emerging issues of critical importance to the energy industry and to residential and small business customers who are facing a range of difficulties. For the foreseeable future, we will therefore be prioritising:

- Ensuring retailers proactively meet the needs of customers – both residential and SMEs – in vulnerable circumstances, particularly where this can minimise debt and hardship, and ensure that all households and small businesses can access the energy they need.
- Protecting consumers who may be unable to safeguard their own interests, including customers requiring life support equipment or who are experiencing financial difficulty.
- Actions needed to ensure the safety and reliability of energy supply.
- Being responsive to the rapidly evolving pandemic situation, and preparing for our recovery, including engagement with market participants on specific concerns and new and emerging issues.

We have been working, along with other market bodies, to review the timing of current and upcoming regulatory initiatives and approaches we all have underway and how these might need to change so energy businesses can focus on their business and support their customers. Among other things, this includes delaying our review of the Retail Pricing Information Guidelines.

We recognise that our expectations in this Statement may add to the risks and costs facing energy businesses. We are particularly concerned about the continued viability of energy businesses and we are proactively working with all stakeholders on options to appropriately balance these risks and costs across the sector and to ensure energy businesses get the assistance they may need in the coming months.

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- Call us on 1300 585 165; or
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