



16 July 2020

Essential Services Commission
Level 37, 2 Lonsdale St
MELBOURNE VIC 3000

Supporting energy customers through the coronavirus pandemic

Alinta Energy welcomes the opportunity to respond to the Commission's Supporting energy customers through the coronavirus pandemic Draft Decision (the 'Draft Decision').

The period under the coronavirus pandemic has been an extremely challenging time for all Australians, and has had significant impacts on everyday life. Alinta Energy has strived to ensure both our staff and customers are provided the tools and support they need. Alinta Energy understands the current challenges faced by some Victorian energy consumers in meeting their ongoing energy costs.

Since the pandemic commenced, Alinta Energy has proactively worked to identify any contemporary issues, trends and challenges faced by energy consumers nationally. Our observations have identified that the entitlements and protections currently in the Energy Retail Code (the 'Code') have proven to be well-placed in providing support to customers. We have also seen a significant increase in the number of customers accessing the entitlements under the payment difficulties framework and applications of the Utility Relief Grants Scheme (URGS).

During this time, we have also considered the impacts on businesses and how a change in energy consumption and trading restrictions impacts their businesses. Alinta Energy has continued to support business customers by providing tailored support which includes the extension of credit terms. Although not prescribed in the Code, Alinta Energy believe that this is something retailers are best placed to manage in consultation with their customers, given retailers experience and access to their customers circumstances.

Alinta Energy believe that the codification of the new entitlements in the Draft Decision is not only not required, but risk inhibiting the the ability of energy retailers to provide tailored assistance options to customers during the time of this pandemic.

On 30 October 2018, the Commission made a final decision titled, *Building trust through new customer entitlements in the retail energy market*. When this decision was developed, the Commission had quantitative and qualitative evidence supporting the introduction of these reforms. Reviewing the Draft Decision, Alinta Energy does not see any substantive evidence of the existing protections (and the additional voluntary support provided by retailers) being inadequate in providing support to customers during the coronavirus pandemic.

We appreciate the intent of the Commission, being to ensure consumers have consistent and adequate support during this pandemic, however Alinta Energy believe a more appropriate response by the Commission would be to monitor the energy market and identify any new issues that may arise. This would allow the Commission to identify and target required areas for changes should they exist.

Draft Decision 1: Supporting customers to complete and lodge utility relief grant applications

The URGS application process, overseen by the Department of Health and Human Services (DHHS) has seen several process changes in recent years. Alinta Energy's observations of the URGS application process is that it has had several problematic issues that has resulted in a significant number of customers not receiving the URGS grant or not receiving the URGS grant in a timely manner. To that end, we understand why the Commission would view Draft Decision 1 as a solution to minimise the above issues.

That being said, in our experience the URGS application process administered by DHHS itself is the root cause of these issues. Accordingly, the focus should be on streamlining and simplifying the DHHS URGS application process.

Alinta Energy fully supports the need to provide our customers with support in accessing and completing an URGS application, but does not feel that this support must be prescribed in such a detailed manner that exposes the retailer for any shortcoming associated with the DHHS application portal. In particular, 3.3(a) of the Draft Decision states;

3.3. If the retailer is unable to complete and lodge a utility relief grant application form over the phone (for example, because a customer requests otherwise or supplementary documentation is required), the retailer must provide reasonable assistance to the customer, having regard to the customer's particular needs, to understand the application process. This may include:

(a) completing the online application form (to the extent possible) over the phone with the customer and sending the customer the partially-completed form with instructions on how to complete the remainder of the form;

Whilst we appreciate and support that there is a shared responsibility in providing assistance to the customer in completing the URGS application form, the requirements under Draft Decision 1 fail to address the root cause of the issue that is contributing to the delays in customers gaining access to support under the URGS scheme.

Given the above, we urge the Commission to consider removing the prescriptive obligation in this Draft Decision and focus on resolving the root cause of the URGS application delays and failures. We also note that the Draft Decision is drafted with the intent to adopt this obligation on an ongoing basis. Again we urge the Commission to consider addressing the root cause of the issues contributing to the delays with the URGS scheme.

Draft decision 2: Extending tariff check entitlement to all customers receiving tailored assistance

Alinta Energy's view is that the existing entitlements for Tailored Assistance 1 customers (customers who can pay the full cost of their ongoing energy usage), such as the best offer on their bill, is the most appropriate method of identifying energy costs savings for customers.

To that end, we see no benefit in proactively contacting customers regarding a tariff check that is based on meter data that is not representative of future energy usage. This is because as Victoria moves back and forth between lockdown stages, any recent energy usage data may ultimately change dramatically with the changes to Victorian lockdown restrictions.

It is Alinta Energy's view that this creates a potentially unreliable period to be re-assigning tariff structures based on historical energy usage patterns given the ongoing changes to the Victorian lockdown requirements and the volatility this can cause on energy usage patterns.

Draft decision 3 and 4: Payment flexibility for small businesses anticipating financial stress and those that miss a pay-by-date

As discussed above, Alinta Energy has already commenced providing voluntary support to our business customers. Draft Decisions 3 & 4 have been derived from existing obligations that are applicable to residential customers under the Payment Difficulties Framework (PDF). While it would appear logical and a quick solution to simply apply residential protections to small business customers, we urge the Commission to consider that these protections were specifically developed for a customer type that is very different in nature.

The PDF protections were developed and targeted to a specific type of residential customers based on quantitative evidence during an informed and structured consultation process. By not having the same level of governance, consultation and expert evidence, simply applying these protections to small business customers may have adverse effects on business customers, energy retailers and the overall energy market in Victoria. In particular, small business customers can make informed commercial arrangements without the need for minimum required entitlements,

With regard business customers, our observations are that energy consumption patterns have reduced, due to the Victorian lockdown restrictions. The most significant energy costs would actually be existing arrears as opposed to ongoing energy costs.

To that end, we again urge the Commission to allow retailers to determine the most appropriate form of assistance. This would again allow retailers the opportunity to voluntarily provide further support by extending payment plans, based on the customers circumstances, rather than any regulatory requirements.

In terms of implementation, Alinta Energy would find it very difficult and resource intensive to implement the requirements as drafted by 1 October 2020. Although it may appear to be simply applying existing processes from residential customers to small businesses, this would require significant IT, training and project management resources to ensure the level of prescription is delivered and applied without any confusion.

The Code is an important part of the regulatory framework supporting the development, management and operation of Victoria's energy market. We acknowledge the concern of the Commission during this pandemic, but we urge the Commission to allow retailers to lead by example in providing support to energy consumers, rather than codifying obligations where there is no evidence of market failure.

We also feel the Commission have a role in recognising good retail practice by retailers that go above and beyond the requirements in the Code, particularly in a time when retailers are engaging and providing more services to support their customers. We encourage the Commission to monitor the performance reports provided by retailers and work with retailers to identify any trends and issues collaboratively.

Alinta Energy would encourage further discussion with the Commission on any of the matters raised in this response. Please contact me on (03) 8533 7344 in the first instance.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Ante Klisanin', is positioned above the printed name.

Ante Klisanin
Retail Regulation Manager