

Decision on amendment of the Financial Hardship Policy Guidelines

19 October 2012

Economic Regulation Authority

WESTERN AUSTRALIA

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DECISION

1. The Economic Regulation Authority has approved amendments to the *Financial Hardship Policy Guidelines (Guidelines)*. The amendments provide further guidance as to the type of information retailers could include in their hardship policies to meet each requirement under clause 6.10(2) of the *Code of Conduct for the Supply of Electricity to Small Use Customers (Electricity Code)* and the *Compendium of Gas Customer Licence Obligations (Gas Compendium)*.

Background

2. Under Part 6 of the Electricity Code and the Gas Compendium (collectively referred to as the **Energy Codes**), electricity and gas retailers who supply energy to residential customers are required to develop a financial hardship policy.
3. In 2008, the Authority published the Guidelines to provide guidance regarding the requirements of the Energy Codes and information regarding good practice in the development and implementation of financial hardship policies.
4. The Energy Codes were amended in July 2010 to require retailers to undertake an annual review of their financial hardship policy, have consideration for the Guidelines in doing so, and submit the policy to the Authority for assessment. The Energy Codes further specify that the Authority will assess the policy and the review process against the Energy Codes and the Guidelines.
5. As a consequence of the new requirements under the Energy Codes, the Authority approved amendments to the Guidelines in August 2010. The amendments provided, amongst other things, that the Authority will endeavour to publish an assessment of the policy and review process every two years.
6. The Authority received the reviewed hardship policies due by 31 December 2010 and 31 December 2011 from all five retailers who supply energy to residential customers. The Authority published an assessment of each policy and the review process in 2011.
7. In examining the retailers' hardship policies and review processes, the Authority noted that there would be merit in amending the format of the Guidelines to better align with the requirements of clause 6.10(2) of the Energy Codes.
8. The Authority proposed a new format whereby the Guidelines set out each of the requirements of clause 6.10(2) of the Energy Codes and provide guidance as to how a retailer can meet these requirements. In particular, the 'good practice examples' included in the 2010 version of the Guidelines were aligned with the requirements of clause 6.10(2).
9. The Authority approved the proposed amendments to the Guidelines in September 2012. The amended Guidelines were released for public consultation on 14 September 2012.
10. Public consultation closed on 5 October 2012 and submissions were received from the Western Australian Council of Social Service Inc. (WACOSS), Alinta Energy and Horizon Power. Copies of the submissions are available on the Authority's website.

REASONS

11. Upon consideration of the submissions received, the Authority has made one minor amendment to the Guidelines. The amendment relates to the requirement that the annual review of hardship policies must occur in consultation with relevant consumer representative organisation. In particular, the Authority suggests that retailers commence consultation with consumer representative organisations approximately two months prior to the retailer's deadline.
12. WACOSS and Alinta Energy proposed other amendments that the Authority believes are better dealt with as part of the next review of each of the Energy Codes. These include, amongst others, an appeal mechanism for customers who have been provided with demonstrably unrealistic payment plans, the forwarding of any request by a customer for a reduction or waiver of fees, charges and debt to a person authorised to make a decision on the request, and a longer review period for hardship policies (once every two years).
13. A copy of the amended Guidelines is available on the Authority's [website](#).