

# Decision – Approval of Financial Hardship Policy Guidelines

23 August 2010

Economic Regulation Authority



WESTERN AUSTRALIA

A full copy of this document is available from the Economic Regulation Authority website at [www.erawa.com.au](http://www.erawa.com.au).

For further information, contact:

Economic Regulation Authority  
Perth, Western Australia  
Phone: (08) 9213 1900

© Economic Regulation Authority 2010

The copying of this document in whole or part for non-commercial purposes is permitted provided that appropriate acknowledgment is made of the Economic Regulation Authority and the State of Western Australia. Any other copying of this document is not permitted without the express written consent of the Authority.

## Contents

<b>DECISION</b>	<b>3</b>
Background	3
<b>REASONS</b>	<b>3</b>

## DECISION

1. The Authority has approved the *Financial Hardship Policy Guidelines – August 2010* (**guidelines**) to provide guidance to electricity and gas retailers and to be used by the Authority to undertake assessments of financial hardship policies.

## Background

2. Under Part 6 of the *Code of Conduct for the Supply of Electricity to Small Use Customers* and the *Compendium of Gas Customer Licence Obligations (Gas Customer Code)* (**Energy Codes**), electricity and gas retailers are required to have 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. From 1 July 2010, the Energy Codes require that retailers must 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.
5. The Energy Codes specify that the Authority will assess the policy and the review process against the Energy Codes and the guidelines, and publish an assessment annually.
6. As a consequence of the new requirements under the Energy Codes, the Authority approved proposed amendments to the guidelines in May 2010. The amended guidelines were released for public consultation on 23 June 2010.
7. Public consultation closed on 14 July 2010 and submissions were received from Synergy and the Western Australian Council of Social Services (WACOSS). Copies of these submissions are available on the Authority's website.

## REASONS

8. As a result of considering the submissions, the Authority has made a number of minor amendments to the guidelines. These changes include:
  - Clarification of the difference between mandatory requirements under the Energy Codes and good practice guidelines.
  - Deletion of provisions included in guidelines that duplicate mandatory provisions (e.g. part 4.3.6) or inappropriately extend provisions (e.g. previous part 4.2.7) already contained within the Energy Codes.
  - Additional explanation of the difference between 'payment difficulties' and 'financial hardship'.
  - Further information regarding the requirements associated with policy review.
  - Examples of pro-active awareness raising strategies (in part 4.5.2).
9. In addition, the Authority has made the following amendments:

- Clarification regarding the frequency of the assessment to be published by the Authority. Whilst the Energy Codes specify that the Authority will not undertake an assessment more than once every 12 months there is no specification of the assessment frequency. The Authority has agreed that assessments will be undertaken every two years, unless the Authority determines that a shorter period, i.e. annually, should apply.
  - Extension of the date for retailers to deliver reviewed policies from 30 September each year until 31 December each year. This will ensure that the deadline does not coincide with annual performance and compliance reporting deadlines.
  - Change to the date that the Authority aims to publish its assessments. Assessments of financial hardship policies will generally be published every second year at the end of March.
10. WACOSS 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 proposals to add new mandatory requirements through the guidelines and to strengthen some existing guidelines by changing to mandatory requirements.
11. A copy of the guidelines is available on the Authority's website.