



Australian Power & Gas

Energy Support Program – Hardship Policy

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1. INTRODUCTION

Australian Power & Gas understands that from time to time, customers may experience difficulty in meeting their financial obligations of paying for the energy they use. Some customers, who for reasons such as family breakdown, illness or job loss, can suffer financial strain and find it very difficult to balance their commitment to paying for energy and coping with the pressures associated with their situation. Australian Power & Gas recognises that many of these customers are willing and have intention to pay for energy usage, but merely need flexibility and understanding during their time of hardship. We are therefore committed to helping customers in financial hardship and have established The Australian Power & Gas Energy Support Program ('Energy Support Program'), to allow customers to get back on their feet and get through their difficult circumstance.

Australian Power & Gas regards hardship customers as *those customers who have the intention and willingness to pay for their energy use but not the financial capacity to do so within Australian Power & Gas' contracted business terms.*

2. AIM

The Australian Power & Gas Energy Support Program aims to assist hardship customers and ease their financial burden, so they are able to overcome their situation and maintain energy supply while doing so. We understand that each customer's hardship circumstance is different and we will work with customers to tailor a plan to suit their individual situation. We are mindful of the stress that payment difficulties can bring and we ensure our program is simple and engaging, so the customer feels comfortable in approaching us. Importantly, throughout the process, we treat customers with respect.

3. ELIGIBILITY

For customers to be eligible for the Energy Support Program, they must:

- be experiencing hardship;
- have an active, residential customer account (not a final account) in the customer's name;
- have an outstanding debt that is unable to be paid within our payment terms; and
- demonstrate a willingness to pay and participate in the hardship program

4. THE ENERGY SUPPORT PROGRAM

Australian Power & Gas has a dedicated specialist, the Human Services Manager, who works with identified customers to find the right mix of solutions to manage the customers' hardship situation. Individual assistance includes:

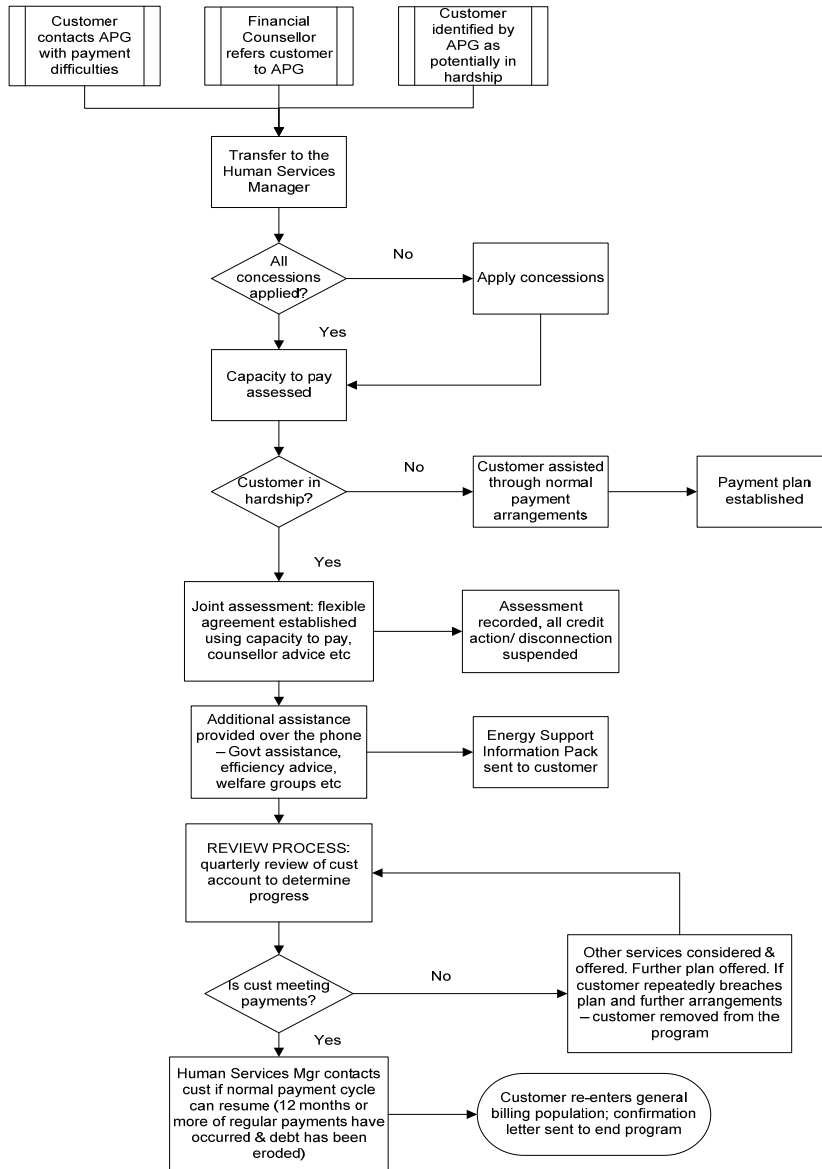
- Tailored payment plans which reduce debt and make future accounts more manageable;
- Energy efficiency advice;
- Information on Government assistance programs;
- Information on other support services and financial counselling;

and may be combined with:

- Incentive payments;
- Home efficiency audits; and
- Appliance assistance.

4.1 The Program Lifecycle:

The following flowchart illustrates the typical cycle of an Australian Power & Gas (APG) customer through the Energy Support Program:



4.2 How do we identify hardship customers?

Hardship customers are identified through a number of channels:

Customers may 'self-identify' - customers are encouraged to call Australian Power & Gas if they foresee any payment difficulties with their next account. This message is included on customer accounts, reminder notices and disconnection warnings.

We also specifically target customers in financial hardship by including a "*are you having trouble in paying your account?*" leaflet within our sales information pack, which has our free call contact details. The Australian Power & Gas Contract Terms & Conditions encourages customers to call us if they are experiencing payment difficulties. Further, our website will have our hardship policy and Energy Support Program contact information.

Customers may be referred - Financial counsellors or welfare agencies may refer customers to our Human Services Manager for assistance. These community agencies may contact our Human Services Manager on behalf of a customer or provide our details for the customer to contact us.

We proactively identify - Operational teams supporting Australian Power & Gas may identify potential hardship customers through day to day account management and will transfer information to our hardship specialist. The Human Services Manager will run routine reports which may identify customers through a number of hardship indicators, such as:

- The customer is having difficulty paying an instalment plan (2 consecutive payments missed or delayed) or breaks a second instalment plan
- The customer has a debt of greater than \$500 and is a concession card holder
- The customer has been sent an Utility Relief Grant application
- The customer has demonstrated difficulty in meeting an instalment plan

Where the customer has not contacted us to discuss payment difficulties, Australian Power & Gas will send identified customers correspondence encouraging them to contact us on our free call number.

4.3 How do customers enter the Energy Support Program?

Once referred to our hardship specialist, we discuss with the customer their situation. Some potential indicators that are used to determine whether a customer is experiencing hardship are:

- The customer has advised us they are having difficulty paying their account by the due date;
- The customer has advised there has been a loss or change of primary income, serious injury or illness, family death, disability, family crisis, divorce or separation;
- The account history indicates that there has been ongoing payment difficulties;
- The customer has applied for an Utility Relief Grant through us;
- The customer is seeking assistance from a financial counsellor; or has been referred by an external organisation, such as a social welfare organisation.

The Human Services Manager will determine:

- whether all available concessions have been applied to the customers account; and
- if our Energy Support Program is applicable to the customer's circumstance using factors such as capacity to pay.

4.4 How do we determine the level of support?

Our Human Services Manager works with the customer and/or the financial counsellor to determine the most appropriate level of support. In assessing the customer's situation, we will work in collaboration with the customer to determine the customer's 'capacity to pay'; that is, how much the customer can afford to put towards their energy account as part of their day to day budgeting.

Our specialist Human Services Manager considers many factors in determining the customer's capacity to pay, such as:

- the customer's current situation - how much they advise they can afford;
- advice from an independent financial counsellor;
- the customer's level of usage;
- the customer's debt level; or
- any other information the customer has provided.

The customer's capacity to pay will determine:

- how much is able to be provided as a first or upfront payment;
- the ongoing payment intervals; and
- the amount necessary to erode debt and maintain future consumption (allowing for other household expenditure).

Our Human Services Manager will explain the guidelines of our program to the customer and provide helpful information on other support services that may be appropriate to the customer's individual situation.

4.5 What are the Energy Support Program Services?

4.5.1 Individual Case Management – There is no one, predetermined hardship plan at Australian Power & Gas. Instead, the assistance level is tailored to each customer's individual hardship case, using capacity to pay and determined in collaboration with the customer and/or financial counsellor.

4.5.2 Flexible Payment Options - The payment options offered are flexible to suit each individual's needs and situation. Plans focus on enabling the customer to realistically overcome any accumulated debt within a reasonable timeframe while managing future consumption.

Affordable payment plans are determined in consultation with the customer and/ or financial counsellor that realistically enable the debt to be reduced. Tailored payment plans offered with efficiency advice also allow customers to gain control over their future consumption. Further, where possible, we encourage our customers to pay through Centrepay or Direct Debit.

Depending on the circumstances of the customer and at the discretion of the Human Services Manager, we may also offer an incentive payment arrangement whereby Australian Power & Gas will match a payment made by the customer.

4.5.3 Energy Efficiency Advice - We help customers with energy efficiency advice given over the phone when the Human Services Manager discusses payment plan options with the customer.

Energy efficiency advice is included in the Energy Support Program Information Pack sent to the customer on commencement of the program. We offer energy efficiency advice on the website as well as links to energy efficiency information.

4.5.4 Energy Audits – As detailed above, the Australian Power & Gas Human Services Manager provides energy efficiency advice over the phone and in writing. However in addition, we may offer an energy audit home visit.

Under this service, with the customer's approval, we will send an energy auditor to the customer's residence at an appointed time. The auditor will inspect the site and provide clear recommendations and options for energy saving measures. The auditor will walk through these identified measures in detail with the customer and explain the costs and benefits associated with each. Our auditor will produce an audit listing / report which summarize the measures to reduce inefficient consumption and will leave a copy with the customer.

The auditor will report back to our Hardship Specialist on the outcome of the audit and the measures discussed with the customer. We will monitor the customer's ongoing consumption and work with the customer to ensure the measures are put into effect.

Our energy audit service forms part of a plan to reduce inefficient energy use for those customers where affordability of energy and consumption levels cannot be aligned. Candidates for this service will typically be those customers who have chronic debt and excessive consumption, with the source of the inefficient consumption unable to be readily identified through discussions with the customer over the phone. The service may be useful as a further measure if the review process has identified that the customer is struggling to meet payments on the agreed plan, debts are continuing to grow or there has been a significant increase in consumption.

On review of the customer's payment and usage history and through discussions with the customer, if we determine a customer is a candidate for a home audit as:

- Excessive consumption levels are causing chronic debt;
- Inefficient energy consumption cannot be identified over the phone;
- the customer is experiencing long-term and chronic hardship; and
- a home energy audit will help the customer gain control over future consumption;

this service will be provided at no cost to the customer.

Customers who request this service on commencement of the program (and have no payment history within the Energy Support Program) will be asked to contribute to the audit cost. Customers who request this service will have an over-the-phone home efficiency assessment to determine whether a full field audit would be cost effective. If the preliminary phone assessment identifies measures that will derive an efficiency benefit of at least 50 percent of the field audit cost, and the customer agrees to fund 50 per cent of the field audit cost through the payment plan established under the hardship program, we will arrange for a field audit to be conducted. The joint funding arrangement for the field audit will be agreed in writing between Australian Power & Gas and the customer.

The energy audit service is only available to Victorian customers.

4.5.5 Appliance Replacement – Australian Power & Gas will work with customers to overcome excessive debt caused by old and inefficient appliances. We will help customers identify sources of energy waste through the provision of efficiency advice. Further we provide assistance and information on accessing Government schemes to replace inefficient appliances, such as the DHS Capital Grant Scheme.

Australian Power & Gas has an Appliance Replacement Scheme which, in conjunction with energy auditing, forms part of the plan to reduce inefficient consumption in those households where affordability of energy and consumption levels cannot be aligned. This service aims to replace old and inefficient essential appliances that are causing the customer's energy consumption levels to be excessive and unaffordable. Australian Power & Gas defines 'essential appliances' as fridges, cooking devices and heaters.

We offer the Appliance Replacement Scheme to hardship customers through a no interest loan arrangement. Under this scheme Australian Power & Gas will loan at no interest, part of the purchase cost of an efficient essential appliance to eligible customers.

Our scheme operates in the following manner:

- The customer, who is participating in and complying with our hardship program, will be determined by the Australian Power & Gas Human Services Manager to be eligible for appliance assistance. Typically such customers will have been managed through our hardship program for some time and would have undergone an energy audit which highlighted excessive consumption caused by an old and inefficient appliance.
- Our Human Services Manager will provide the customer with a voucher redeemable through our third party energy appliance provider. Australian Power and Gas will not be receiving any financial benefits/commission from its third party energy appliance provider through this scheme.
- The voucher amount will be the lesser of 50% of the appliance cost and \$300. The appliance cost will be determined by our Human Services Manager with consideration to the current purchase cost of an equivalent replacement appliance (in the Human Services Manager's reasonable opinion) as provided by our third party energy appliance provider.
- The voucher will be valid for 12 months.
- Australian Power & Gas will recover the loan amount provided to the customer via the voucher by way of a charge on the customer's energy bill. The recovery amounts will be spread over the remainder of the customer's contract or if the contract is not fixed term, through a negotiated timeframe with the customer (taking into consideration the customer's situation and capacity to pay).
- Should the customer decide to transfer prior to the loan amount being repaid, the remaining loan amount will be immediately due and payable to Australian Power & Gas, and this amount will appear on the customer's final bill.
- The loan amount will not be subject to interest.
- Australian Power & Gas will not be responsible for repairs or maintenance / running costs of the appliance purchased through the scheme.

To be eligible for this scheme, customers must:

- be actively participating in and meeting the obligations of our hardship program;
- have excessive consumption levels causing chronic debt;
- be experiencing long-term and chronic hardship;
- have undergone an energy audit which identified an inefficient essential appliance; and
- have exhausted options to receive the DHS Capital Grant.

Offer of the Appliance Replacement Scheme to customers remains at the discretion of Australian Power & Gas.

Currently, the appliance assistance service is only available to Victorian customers.

4.5.6 Assistance Advice – We work with customers to ensure they have access to all applicable assistance programs and Government grants. We provide assistance to customers in accessing

additional grants and funding, such as the Utility Relief Grant and provide information on concessions and other energy related schemes, such as the Capital Grants Scheme.

Our Human Services Manager will advise customers on accessing financial counsellors, welfare agencies and other community groups. This advice and referral is consistent with our approach that hardship is a social issue and that assistance to hardship customers should involve various parties including Government and community groups, not solely energy retailers.

4.6 Other Services

Energy Support Program Information Pack – On entry to our hardship program, participants will receive a welcome pack within 5 business days. Contained in the pack is information about our hardship policy, the confirmation of our agreement with the customer including the customer's rights and obligations under that agreement, information on Government assistance, concessions available and energy efficiency. Our personalised letter gives the customer encouragement to meet the agreed plan, but also assurance that we are there to provide help and support along the way.

Reminder Service - We are currently developing a service for payment reminders whereby for example, with the customer's approval, we will send a friendly SMS reminder to the customer that payment for their energy plan is due.

4.7 The Review Process

Once a customer enters the Energy Support Program, their plan is reviewed at least quarterly. Payment activity and the customer's usage is monitored and analysed to ensure that the plan is appropriate and the customer is committed.

If through the review a customer does not appear to be making payments, the consumption amounts appear to be unmanageable or the debt is not eroding, the Human Services Manager will contact the customer to discuss progress. Through this discussion we will either agree to another plan with the customer or determine if other services such as efficiency auditing or appliance assistance may be of help. At our discretion, payment incentives such as payment matching may be used to encourage the customer to remain committed to the plan.

4.8 Removal from the Program

Customers will be removed from the Energy Support Program in the following circumstances:

- The customer breaches the agreement with us,
- The customer no longer demonstrates a willingness to pay or participate in the program – for example we do not receive any payment whatsoever, or our attempts to contact the customer have repeatedly been ignored,
- The customer's requests to be removed from the program,
- The customer has been identified through the review process as having regained smooth and regular management of the account and the debt/ arrears has successfully been eroded. This has been demonstrated over a reasonable period – approximately 12 months.

Customers will receive a letter from the Human Services Manager confirming their removal from the Energy Support Program and encouraging them to contact us if they have any further concerns.

Once removed from the program customers will be moved to the general account population whereby normal business terms will apply, including that of collection for overdue payments.

Australian Power & Gas will only disconnect a customer as a last resort and in compliance with the Energy Retail Code and with sections 46A(1) of the Electricity Act 2000 and 48K(1) of the Gas Industry Act 2001. We go to every effort to ensure our customers have assistance in managing their hardship situation and will not disconnect a customer who is participating in and complying with the Energy Support Program.

4.9 What do we expect from customers?

Australian Power & Gas expects customers on the Energy Support Program to demonstrate a willingness to pay and show a genuine effort to participate. Importantly, we expect customers to contact us in advance of their next scheduled payment if –

- they have foreseeable problems in paying the next scheduled payment or adhering to the plan;
- their financial circumstances change;
- their contact details change; or
- they wish to move house and finalise their account.

Australian Power & Gas reminds customers of their obligations on our website and in the welcome pack sent on commencement of Energy Support Program.

4.10 What can customers expect from us?

In dealing with us at Australian Power & Gas customers will -

- Have simple, stress free, flexible plans and service;
- Have privacy maintained - we adhere to privacy law and have our Privacy Policy accessible on our website and included in our sales pack;
- be treated with respect, understanding and compassion; and
- have professional service from a hardship specialist.

We undertake that we will not disconnect or pursue credit and collection action of hardship customers that are participating in and complying with our Energy Support Program.

5. PROGRAM SUPPORT STRUCTURE

5.1 Communication

Australian Power & Gas has developed a Communication Strategy to ensure the Energy Support Program information is transparent and accessible to all customers and other interested parties, such as community assistance providers. This strategy also contains a description on the methods used to reach customers with special needs, such as customers in remote areas and customers with English language difficulties.

5.2 Staff Training

Success of Australian Power & Gas Energy Support Program depends heavily on the quality of assistance we give and our ability to engage those customers who are experiencing difficulty. We ensure our Human Services Manager is suitably qualified to give specialised assistance to customers and is knowledgeable on Government schemes and community assistance programs.

Australian Power & Gas understands the pressure and embarrassment hardship may bring to individuals and we will ensure our Human Services Manager has the appropriate skills to engage customers in a sensitive and compassionate manner. We are looking to consult consumer groups and welfare agencies as our business expands to ensure we stay abreast and fully capture the needs of our customers experiencing hardship.

Australian Power & Gas also ensures other line staff have an understanding of our hardship policy. Further, staff who are in potential contact with hardship customers are well versed in the appropriate language to effectively engage customers and are aware of internal procedures to refer such customers to the Human Services Manager. Operational teams are trained to identify potential hardship customers through indicators as per section 4.2.

Training on hardship assistance is included in training manuals and discussed in team meetings.

5.3 Continuous Improvement

Australian Power & Gas recognises the importance of reviewing and reassessing the policy to align to business objectives and customers needs. The Human Services Manager will undertake a process of continuous improvement to ensure innovative ideas are captured and implemented, and our policy maintains best practice principles.

Within our continuous improvement model, customer and third party feedback are important resources for ensuring our program meets its objectives. Surveys and feedback will be recorded and used to determine whether improvements can be made to the program.

5.4 Policy Approval

The Australian Power & Gas Energy Support Program is reviewed and endorsed by the Chief Executive Officer and senior management.