

Hardship Policy-Victoria

Introduction: *Keeping Momentum*

This Hardship Policy outlines the way in which Momentum Energy will assist domestic customers in all jurisdictions that are experiencing financial hardship. *Keeping momentum* is Momentum Energy's Hardship program. It sets out the approach that Momentum takes to evaluate hardship and the processes and programs in place for providing customers in financial hardship with the best possible solution.

Momentum would rather assist its customers in addressing financial hardship than disconnect them and have them experience further difficulties without the essential services of electricity and gas.

This policy is publicly available for all residential customers on Momentum's website. Momentum will also provide a copy of this policy in large print as well as a range of languages, free of charge, when requested by a customer or financial advisor.

Momentum seeks to assist Hardship Customers in line with the AER's national guidelines and strives to enable customers:

- (a) To identify themselves to Momentum.
- (b) To be identified by Financial Counsellors to Momentum.
- (c) To be identified by Momentum.

What is Financial Hardship?

Financial hardship is when a domestic customer who has the intention to pay their accounts but does not have the financial capacity to meet the payment requirements set out by Momentum Energy's terms and conditions. A Hardship Customer is unable to pay their accounts because of illness, unemployment or other "reasonable cause". A "reasonable cause" is any other situation that genuinely prevents customers from making payments on time.

Temporary Hardship: when a domestic customer has been affected by temporary illness, unemployment, accident or some form of unexpected temporary financial problem. These customers generally will require flexibility and temporary assistance such as payment extension, a one-off grant (e.g. URGS) or an affordable payment arrangement.

Long Term Hardship: when a domestic customer is in a low fixed income group or who may be receiving some government funded grant (e.g. a pensioner or concession card holder, a domestic customer with a permanently disabling illness, customers who have recently experienced death, domestic violence, separation or are simply struggling financially and require ongoing assistance). Customers experiencing long term hardship often require assistance in addressing the underlying issue/cause of debt through the use of a Financial Counsellor.

Momentum ensures that all customers requiring additional support will be treated individually with respect and sensitivity and in accordance with the requirements of the Privacy Act 1988. We will seek permission before providing details to a third party for support services.

Entry to Hardship Program

It is not uncommon for a domestic customer suffering from hardship to not advise their retailer that circumstances have changed and they are struggling financially. Therefore, all retailers have an obligation to proactively identify customers who may be experiencing hardship. Momentum endeavours to identify Hardship customers by consistently monitoring customer accounts for the below indicators:

- A request for alternative payment arrangements such as a payment plan or an extension.
- Requests for information or documentation in regards to energy saving tips.
- Any application or enquiry regarding a utility relief grant payment.
- If the customer advises there has been an unexpected change in their circumstances, lifestyle, employment etc.
- The customer's payment history suggests that there have been instances in the past where they have had problems paying their bills on time (including identifying cycle periods or calendar months).
- The customer has identified that they are having difficulty and has identified what they are able to afford to pay.
- Customer has broken more than two payment plans in a year.
- Customer exceeds Momentum's Hardship debt threshold.
- Customer has been referred to Momentum by a Financial Counsellor or the Ombudsman.

It should be noted that the above points do not necessarily provide evidence that a customer is experiencing hardship. These points merely provide insights which may indicate that a customer is experiencing difficult circumstances.

A customer will enter the hardship program after either being identified by a staff member or, alternatively, by nominating themselves as experiencing financial hardship. Once it has been determined that a customer is experiencing financial hardship, Momentum will provide the customer with information in regards to the support that is available to them whether it is further information about Momentum's Hardship Program, concessions, government support or other forms of assistance available to them such as the service of financial advisors. An agreement will be drawn up between Momentum and the customer which will contain payment plan details, terms and conditions and the minimum standards that Momentum will adhere to while the customer is participating in the program.

Momentum is dedicated to assisting customers in hardship to meet their obligations while maintaining their access to the essential services of electricity and gas supply. Although we do proactively seek to identify customers experiencing hardship, we are not always able to determine an individual's circumstances and invite domestic customers experiencing genuine difficulties to approach us in the knowledge that they will be supported and treated with respect.

Upon entry to the Hardship program, and upon reviewing our customers' historical billing history, our staff will determine the most appropriate tariff to maximise bill affordability. While on the Hardship program, Keeping Momentum staff will continually review and monitor the appropriateness of the assigned tariff taking into consideration;

- Cost effectiveness,
- Dedicated circuit/controlled load appliances,
- Network charges of comparable tariffs,
- Overall power usage,
- Previous bill history,
- Time of use efficiency applications, and
- Any other relevant information provided by the customer.

Where it is determined a more suitable tariff can be applied to maximise bill affordability, Keeping Momentum staff will facilitate a change of tariff structure. Where it is identified the change in tariff structure did not maximise bill affordability, Keeping Momentum staff will facilitate a change where necessary.

Program Features and Support

Momentum seeks to support hardship customers in a manner which is appropriate to each customer's individual circumstances. The amount and type of support and assistance a hardship customer will receive will be determined on a case by case basis as all circumstances for hardship are different. The level of support will be ascertained by working with the customer to determine their capacity to pay.

One key form of support that Momentum offers to all customers experiencing hardship is a payment plan. Hardship customers will receive confirmation of their payment plan in writing confirming the dates and amounts of expected payments and information on how they can renegotiate their payment arrangement should they encounter further difficulties. The points below are options available to customers in hardship. Momentum acknowledges that this list is not exhaustive and is always willing to explore new and innovative ways to assist its customers.

- Reviewing contracts to ensure suitability for the customer. Factors that will be considered include but are not limited to; tariff, applicable discounts, contract structure, product, billing cycles etc.
- Assistance in achieving energy and financial savings through increasing efficiency, where required by regulation.
- Extension in payment terms.
- Provision of energy efficiency info and advice as well as energy audits to assist in reducing electricity and/or gas usage.
- Assistance with referral to Financial Counsellors, welfare organisations, assistance schemes and government grants such as Kildonan Uniting Care, the No Interest Loan Scheme and the Homewise Appliance and infrastructure grant.
- No debt collection, disconnection activity or legal action or costs will be raised against customers experiencing hardship or during investigation of a complaint to the Ombudsman. (Momentum's complaints handling and dispute resolution process can also be found on the Momentum **website**)
- No late payment fees applied and no security deposit required for customers experiencing financial hardship.

- No fees charged for review of contracts, transfer of accounts or termination.
- Momentum encourages customers to utilise forms of payment that will not incur further charges such as bank handling fees. Because of this, Momentum offers a wide range of payment options for customers, including Centrepay, BPay, Postbill Pay, direct debit, cheque and credit card.

These forms of support are always performed with the ultimate goal being a reduction in debt and exiting the program successfully.

Application of Program Features and Support

Energy Efficiency Audits

A key feature of *Keeping Momentum* is the ability to provide energy efficiency advice and audits to help reduce your electricity and or gas bills. We do this by identifying areas where consumption can be reduced leading to our customers' incurred debt being reduced as a result. In order to identify these areas our staff conduct telephone audits to identify consumption patterns, household sizes and practical applications of customers energy use. Helping customers understand their energy use can identify irregularities in consumption against energy benchmarks and lead to strategies for using less energy and achieving more affordable bills.

Further tips on energy efficiency in the home can be found at;

<http://www.momentumenergy.com.au/customer-support/knowledge-centre/energy-home>

Keeping Momentum facilitates field audits at customer's homes to help identify further opportunities to increase energy efficiency. As part of the field audit our Energy Auditor will conduct a detailed audit of electric and gas appliances to help identify if there are any cost effective options available to assist the customer to reduce their usage and bills.

All Energy Audits will be provided to customers in the *Keeping Momentum* programme free of charge.

Replacement of Appliances

Where an Energy Audit has identified that the customer would benefit from the replacement of faulty or inefficient appliances, Momentum will facilitate access to community purchasing schemes or government grant schemes. Keeping Momentum staff will refer the customer to the Home Wise Scheme to assist in replacing or repairing the appliance. Where the customer is unsuccessful in receiving assistance from the Home Wise Scheme, Keeping Momentum staff will assist customers by referring them to third party providers and government welfare agencies who can assist in replacing or fixing the appliance.

Financial Counsellors

Our *Keeping Momentum* staff are trained to identify other factors which are contributing to customers experiencing hardship. From discussions with our customers *Keeping Momentum* staff will identify customers that are experiencing financial difficulties on a short term or long term basis. Based on these discussions, *Keeping Momentum* staff will then assist customers by referring them to one of our nominated Financial Counsellors to assist in managing customer accounts effectively. Once a Financial Counsellor is engaged, *Keeping Momentum* staff will work with you and your Financial Counsellor to support you in managing your account.

Concessions, Grants and Support

You may be eligible for Concessions Grants and Support. *Keeping Momentum* staff will assist you with determining your eligibility and refer you when appropriate to access the following concessions and grants;

LIFE SUPPORT CONCESSION

The Life Support Concession is provided by the Department of Human Services (DHS) to assist customers who require the use of specific life support machines in their home. The concession provides a discount that is equivalent to 1880kw/h of electricity per year for eligible machines.

MEDICAL COOLING CONCESSION:

The Medical Cooling Concession is provided by the Department of Human Services for electricity consumption between 1 November and 30 April (inclusive) each year. It provides a 17.5% discount on electricity bills during this period. A customer eligible for the Medical Cooling Concession will also receive the Annual Electricity Concession.

SERVICE TO PROPERTY CHARGE CONCESSION:

The Service to Property Charge Concession is designed to assist customers who have low electricity consumption at their property. In instances where the Service to Property Charge (identified on Momentum Energy bill as the Daily Charge) is higher than charges for the electricity consumed at the property, customers eligible will receive a concession amount equal to the difference between the two.

OFF PEAK ELECTRICITY CONCESSION:

The Off Peak Electricity concession provides a 13% reduction on off peak electricity charges for eligible cardholders who are charged an off peak tariff for separately metered slab heating or hot water. Please note this concession does not apply to customers who have off peak tariffs based on time of use only. The concession is applied at all times throughout the year.

Annual Electricity Concession:

The Annual Electricity Concession is a year-round reduction on eligible customer's electricity bills. From 1 July 2012, the Victorian Government reduced this concession due to the implementation of compensation that low income households receive through the implementation of the Carbon Tax through the Commonwealth Clean Energy Future Household Assistance Package. As a consequence, the Annual Electricity Concession will not be applied to \$171.60 of a concession holder's annual electricity bill (equivalent to 8.23 cents per day). Customers eligible for the concession will therefore receive a 17.5% reduction on their bill, less 8.23 c/day for the number of days in the billing period.

Transfer Fee Waiver Concession:

The Transfer Fee Waiver Concession is designed to waive the fee normally payable by a customer when eligible cardholders move property.

UTILITY RELIEF GRANT SCHEME (URGS)

The Utility Relief Grant Scheme provides assistance to customers who do not have the capacity to pay their current electricity bill due to a sudden or temporary financial crisis. These customers are at risk of disconnection of supply due to non-payment.

A customer may only apply through the scheme once every 2 years for their electricity account.

In addition to the above, it must be demonstrated that the hardship is unexpected and has resulted in being unable to pay your electricity bill without assistance. Further, the account must be at risk of non-supply and at least one of the following conditions needs to be met:

- A significant increase in usage
- A recent decrease in income (e.g. due to loss of employment)
- High unexpected expenses on essential items
- The cost of shelter is more than 30 per cent of the household income

- The cost of utility usage is more than 10 per cent of the household income

Referrals to other support agencies and scheme organisations may include;

- No Interest Loan Scheme,
- Homewise: Appliance and Infrastructure Grant,

Review of customers on hardship program

When a customer is participating in the hardship program, Momentum will review their account on a monthly basis to ensure that they are adhering to the conditions the program and that the program is assisting the customer in reducing their debt. The customer's usage and payments will be monitored to ensure that the customer is benefiting from the support they are receiving. If Momentum sees that payments are not being made or are sporadic, we will make contact with the customer to determine if new terms and conditions need to be drawn up. Consideration will be given to Long Term Hardship customers to extend the terms and conditions at the discretion of those conducting the Hardship Review.

Obligations and Responsibilities

Momentum's Responsibility to Customers

- Momentum will provide a copy of this hardship policy free of charge to customers who have been identified as possibly facing hardship or have expressed difficulty in paying invoices.
- Momentum will ensure action is taken early to avoid further financial stress to the customer.
- Momentum will attempt to contact the customer within 2 business days to discuss their options and support available to them. If we are unable to contact the customer, we will send them a letter requesting them to contact us to arrange assistance.
- Momentum will ensure that there are appropriate procedures, processes and staff training in place and maintained to ensure Hardship customers are dealt with in a sensitive, confidential manner and according to the guidelines set out in this Policy.
- Momentum will ensure information and advice is readily available to customers in regards to government assistance, concessions and financial advice programs that are available to them.

Customer responsibilities during program

The customer must commit to staying in contact with Momentum. We will not disconnect the electricity or gas supply of a customer who actively participates in the program by adhering to the agreed repayment schedule. The customer has a responsibility to stay in contact with and advise Momentum if at any point they are unable to meet the agreed payment terms. The customer will also be expected to actively participate in reviews of the program to ensure they are benefiting from any assistance provided to them. The customer should also be willing to engage in suggested support services where Momentum feels it would benefit the customer and assist in reducing their debt.

Momentum is committed to working with individual customers, regulators and community organisations to protect the welfare of vulnerable customers. This hardship policy dictates that both the retailer and the customers themselves have a responsibility to improve the customer's circumstances. As such, Momentum's policy focuses on a collaborative approach to ensuring that the customer's circumstances do not deteriorate as a result of paying for their electricity and or gas supply, with the ultimate goal being a successful reduction in debt without affecting the customer's quality of life and to remove the customer from the program and return them to regular payment arrangements.

Exiting the Program

Customers will exit the hardship program in the following circumstances:

- Customer has fulfilled all obligations of the program, can satisfactorily manage their account and the debt has been considerably reduced.
- Failure to adhere to the terms and condition of the hardship program.
- Customer asks to be removed from the hardship program.

Re-entering the Program

A customer may re-enter the hardship program at the discretion of the Hardship Program Manager. This includes a previously excluded customer as well as a customer who has successfully exited the program. The Program manager will assess all re-entry applicants individually through reviewing factors such as payment history, personal circumstances, current account debt etc.

Review of Policy

This policy will be reviewed at least annually.