



TRUenergy Hardship Assistance Program



TRUenergy Hardship Policy & Assistance Program

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TRUenergy Hardship Assistance Program

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TRUenergy Hardship Assistance Program

1 PURPOSE

TRUenergy has provided a supportive and empathetic response to customers in hardship throughout our history as an energy retailer. We recognise that customers may experience some form of financial hardship during their lives and may need additional assistance and flexibility to ensure access to a secure and reliable energy supply.

Historically, we have been a leader in offering customers experiencing energy hardship the opportunity to engage with us and to work together in managing energy use and costs. At all levels of the TRUenergy organisation, we have held a philosophy and practice of disconnecting customers only as a last resort. Additionally, we have consistently gone beyond Energy Retail Code (ERC) requirements to assist customers experiencing financial hardship.

TRUenergy is a member of the Debt Spiral Prevention program convened by the Committee of Melbourne. The group has finalised Guiding Principles¹ to assist utility retailers manage customers experiencing financial hardship in paying their utility bills. In general, the Guiding Principles are:

- To assist customers experiencing financial hardship to manage their payments for the supply of energy or water so as to ensure they remain connected to supply;
- To create an informative, respectful and engaging environment where customers requiring support can identify themselves to retailers;
- To utilise relevant industry and community expertise with respect to hardship.

This Guideline was formally launched by the Minister for Energy, the Hon. Peter Batchelor MP and the Committee of Melbourne on 16 February 2007.

A range of specialists in the energy, water and social welfare sectors have developed the Guiding Principles. TRUenergy was involved in the construction of the Guiding Principles and these principles also underpin our hardship program.

This document outlines TRUenergy's hardship package which has been approved by the Victorian State Government in October 2006 and awaits approval by the Essential Services Commission of Victoria.

¹ *Supporting Utility Customers Experiencing Financial Hardship*, Guiding Principles, Committee of Melbourne, 2006.



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The package extends our support to the community through the broadening of some of our current measures as contained in our current hardship policy and also outlines a number of new pilot support programs.

These pilot support programs have been agreed with the Victorian State Government under a 2-year program. As a number of these programs are of a 2-year duration, they will be reviewed regularly over this period for their effectiveness in assisting customers in hardship. It will also be necessary to review at the end of the 2-year period, whether these programs are able to continue based on the effectiveness of the pilot programs in assisting customers in financial hardship better manage their energy needs and costs. This document will be amended from time to time, where we modify or update our hardship initiatives based on our customer experiences.

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2 OVERVIEW

The hardship program remains a central element of the TRUenergy's payment assistance and credit management process.

TRUenergy offers customers an environment to talk about any financial difficulty they may be experiencing. We also utilise a range of triggers for the early detection of customers who may be experiencing financial hardship.

Consultants at TRUenergy's front line, the Customer Interaction Centre (CIC) receive training in managing customers experiencing financial difficulties and are familiarised with the range of TRUenergy, government and community assistance programs available. CIC staff are trained to identify customers in hardship, the type of hardship (short term or long term) and either offer the customer to the most appropriate measure to assist them or in more complicated situations refer the customer to TRUenergy's Customer Welfare team for more detailed assessment and possible case management.

TRUenergy's Customer Welfare team has been established within TRUenergy's credit management area. The Customer Welfare team works with customers and their advocates to arrange a suitable payment plan, while identifying ways a customer may be able to save on their energy bills. At the core of our approach is respect for our customers, working in partnership to help reduce the pressure of energy costs on their household budgets and ultimately, help transition the customer back to our standard billing processes.

The Customer Welfare Team receives referrals from other customer contact areas within TRUenergy that may come into contact with customers experiencing severe financial hardship and who may benefit from ongoing case management assistance. External community agencies also refer customers to our specialist hardship team. Often the Customer Welfare team will work with community agencies to assist a customer in financial hardship.

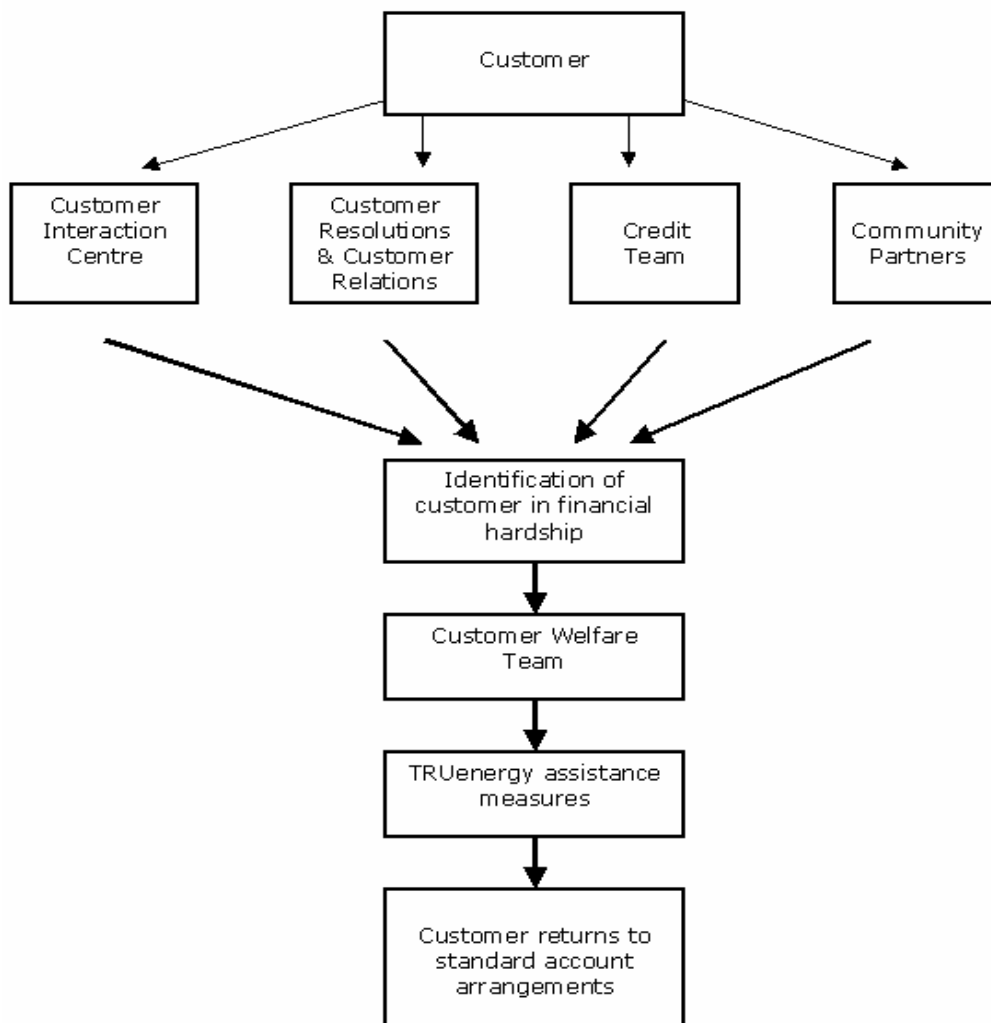
TRUenergy utilise a range of options to assist customers in financial hardship, including:

- A Customer Welfare team that provides individual case management and monitoring of all hardship program customers and payments
- Capacity to Pay assessments
- Flexible instalment plans
- Energy bill smoothing through our Dual Fuel product
- Energy efficiency advice and in-home audits

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- A variety of payment options, including centrepay and direct debit
- Working in partnership with financial counsellors and utilising their experience to assist customers in hardship
- In line with Department of Human Services guidelines, providing access to the Utility Relief Grant Scheme
- Undertaking field visits to customers in danger of being disconnected
- Targeted debt relief

2.1 Flow Chart: TRUenergy Hardship Program





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3 HARDSHIP DEFINITION

TRUenergy define hardship as:

A genuine inability by a residential customer to pay energy bills due to low income, vulnerability, illness, unemployment or other reasonable cause.

4 TYPES OF FINANCIAL HARDSHIP

In assisting customers in hardship, we have observed that there are broadly two types of financial hardship:

- *short-term* or temporary;
- *long-term*.

4.1 Short Term Hardship

We consider short-term financial hardship when a customer has to manage a temporary change in financial circumstances.

Some examples include instances where a customer has:

- received a number of bills at the same time;
- incurred an unexpected or emergency one-off expense;
- suffered a temporary reduction in income (for example if in casual employment and hours are reduced); or
- become over-committed financially.

In these situations, customers are generally able to manage their financial situation when provided with flexibility in payment terms for their TRUenergy account.

4.2 Long Term Hardship

We consider long-term financial hardship when a customer has difficulty meeting the cost of their energy use on an ongoing basis.

Customers suffering long-term financial hardship may need a targeted and sustained solution to address the underlying causes of their financial difficulties.

TRUenergy's definition is consistent with the clause 2.2(b)(i) in the ESC's Draft Guideline 21, which defines financial hardship as domestic customers who have the intention to pay but not the capacity.

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5 KEY PROGRAM REQUIREMENTS

The Victorian Government's Hardship legislation requires energy retailers to include the following tools in their hardship programs:

- Flexible payment arrangements;
- Flexible options for the purchase or supply of replacement electrical/gas appliances/equipment for domestic use
- Energy auditing services wholly or partly at the expense of the retailers; and
- Processes for the early detection by customers and retailers to financial difficulty in paying energy bills.

Full commentary on how we address these key hardship management needs follows.

6 TRUENERGY HARDSHIP ASSISTANCE PROGRAMS

6.1 Flexible payment arrangements (Clause 2.2(b)(vii))

A key element of our program is the payment extension and instalment plan options. There are 3 options available to customers seeking payment extensions or instalment plans.

Payment Arrangement / Extension

Payment arrangements are short term extensions established when the customer advises they can pay the account prior to the next account being issued but cannot pay the current account in full by the Due By Date. Payment extensions / arrangements allow the customer the flexibility to pay-off the account in either a lump sum or instalments prior to the next bill being issued.

This arrangement is usually offered to customers that may experience short-term financial difficulty as a result of an unexpected but short-term change in income and/or expenditure.

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Flexi Easyway Plan

The Flexi Easyway does not require a set payment amount or date. Rather, it allows customers to make payments at an amount they choose and on a date they decide.

The expectation under this plan is that when a customer receives a bill, they pay the outstanding debt in full by the due date. This arrangement is usually offered to customers that experience inconsistent income and expenditure flows and would like to make payments on their energy accounts in periods which they are appropriate with their budget circumstances. It also allows these customers the opportunity to reduce the impact of receiving a lumpy electricity and gas bill every quarter or two-months respectively.

Budget Easyway

A Budget Easyway plan is a more structured payment plan. Payments are made by customers at agreed amounts and on agreed days either monthly or fortnightly. The Budget Easyway plan can be established Generally for a minimum of 2 months but ordinarily for a 12 month period. Easyway plans are not established for longer than a 1-year period.

The Budget Easyway plan is designed generally to assist customers to budget for the cost of their energy use and any accumulated arrears over a 12 month period to assist them to manage the peaks and lows of their energy use, taking into account their capacity to pay and other regulatory requirements.

6.2 Energy Auditing Services wholly or partly at the expense of the retailer (Clause 2.2(b)(viii))

TRUenergy provides energy efficiency advice and information via a range of channels across the organisation.

Over 95% of consultants at our Customer Interaction Centre (CIC) are trained to provide energy efficiency advice. Experienced and specialist Consultants in the CIC are able to receive escalated calls where more complex issues may be experienced by customers.

For customers that speak to a credit management consultant, they will be offered information on energy efficiency. Consultants are trained to identify customers with energy consumption difficulties and strategies can be put in place to assist customers reduce their energy use.

All of the information provided to customers over the telephone is supported by pamphlets including a home audit kit which enables customers to undertake their own home energy assessment.



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TRUenergy also provide written information through an annual mail out prior to winter informing customers on how they can reduce energy use. We also have comprehensive home energy information on our website including a do-it-yourself energy audit.

As part of an agreement with the Victorian State Government negotiated in 2006, TRUenergy has established a full time role to undertake in-home energy audits. Free in-home energy audits are provided to any customer, who is referred to the Customer Welfare team (including internal and external referrals), and have affordability issues and where we believe the customer has a high bill and therefore will benefit from an audit.

TRUenergy also have a trial program underway of recruiting and training members of community groups in regional and rural areas to be able to undertake energy audits.

TRUenergy's will evaluate these two programs at a regular period of time and will make a final assessment at the end of the 2-year period as to their effectiveness in assisting customers experiencing financial hardship.

All TRUenergy in-home energy audits comply with current Australian standards.

6.3 Flexible Options for the purchase or supply of replacement electrical/gas appliances/equipment for domestic use (Clause 2.2 (b) (ix))

TRUenergy offers an internal capital replacement program that assists customers with affordability difficulties and supplements the Victorian Government's Capital Grant.

Access to our capital grants program is available to customers experiencing financial hardship and working together with our Customer Welfare team. Prior to providing a capital grant customers will also undergo an in-house energy audit by the TRUenergy Energy Auditor, who will assess the efficiency of the customer's capital goods and make appropriate recommendation(s) for replacement.



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Capital Replacement

The discretionary appliance replacement program aims to make capital improvements in low-income households where appliances are operating at inefficient levels and causing high-energy costs.

The program has two areas of focus. The primary emphasis is on providing assistance to households to improve the quality and energy efficiency of heating and hot water appliances in the property. This will be done in conjunction with the occupant and property owner.

The second area of focus will be to provide assistance to purchase other essential energy efficient household items such as washing machines.

Phoenix Fridge

This groundbreaking program operated by the Moreland Energy Foundation, in conjunction with the Brotherhood of St Lurance, takes old fridges out of the market and refurbishes them to a higher quality energy efficiency standard. While this program will not increase the efficiency of older fridges to the levels of their modern counterparts, the scheme does provide affordable access to more efficient units for people on low incomes and, thereby, assists them to reduce their energy bills.

While TRUenergy will endeavour to assist in the purchase of a new fridge (through a DHS Capital Grants application), this will not always be possible and the Phoenix fridge program will assist customers in these instances.

Fridge Buyback

Many customers have old and inefficient fridges, which can be a major contributor to higher energy bills. This program removes inefficient fridges from homes and provides \$100 towards the purchase of a new fridge.

Other capital assistance measures

Under this targeted program we will provide a range of options to improve the comfort of customers' properties. We will provide customers with products including energy efficient light globes, warm blankets and various draft proofing materials and other energy efficient whitegoods such as microwave ovens.

This measure supplements any capital assistance received by the customer and will aim to provide the customer with an opportunity to further reduce their energy bills through lower energy needs. This measure combined with more efficient heating and/or fridges will make it

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easier for customers experiencing financial hardship to better manage their on-going energy use as well as repay any accumulated debt.

When are appliances replaced?

Appliance replacements are undertaken where the customer is experiencing difficulty in paying their energy bills and where an appliance can be identified as a major cause of these high bills. We also take into account the customer's capacity to pay and their likely tenancy in a property for fixed appliances.

As this is a 2-year program with an established budget and agreed with the Victorian State Government, it will be reviewed at the end of this period and our policy updated as required.

Other Customer Support

We will also liaise with the customer's landlord in private rental properties or the Department of Housing in government owned properties to advise on necessary household improvements.

6.4 Processes for the early detection by customers and retailers to financial difficulty in paying energy bills (Clauses 2.2 (b) (ii), (iii) &(iv)

Helping customers self-identify

TRUenergy offers customers an environment to talk about their personal circumstances and any financial difficulty they may be experiencing.

While this is a challenge for any high volume customer focussed environment, we believe we are meeting the challenge of this need. To assist customers to self-identify, we provide the following:

- We aim to promote an environment where customers feel comfortable in making contact to discuss their circumstances as early as possible.
- Send friendly reminders to customers requesting they contact us if they are having difficulty paying their bill
- Ask customers sensitive, open-ended but straight forward questions when we are speaking with them about any energy hardship they are facing
- Support our front-line customer facing staff with a well trained and empathetic credit management and specialist hardship team

TRUenergy's early detection of customers in hardship

While the overall aim of our program is for customers to self-identify when they are experiencing energy hardship, we acknowledge that customers

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may feel embarrassed or uncomfortable in disclosing/discussing their financial difficulties. It is for this reason as well as for practical purposes that TRUenergy utilises a range of triggers for the early detection of customers who may be experiencing financial hardship.

These identifiers include:

- A customer contacts us to notify us that they anticipate that they will not be able to make payment (in part and/or full) of their bill by the pay by date;
- A customer is not paying all they are being billed. If this occurs on an ongoing basis, that customer may be in financial difficulty;
- A customer finds it hard to pay their energy bills and any arrears despite having an instalment plan;
- A customer breaks an instalment plan;
- A financial counsellor contacts us on behalf of a customer;
- A customer does not pay two consecutive bills;
- A customer contacts us and requests to apply for help under a Government Assistance Program such as the Victorian Utility Relief Grant Scheme;
- A concession cardholder on a Budget Plan builds up a debt of more than \$500;
- A customer has previously applied for help under a government utility financial assistance program and now owes more than \$500;
- A customer whose case has previously been managed by the Customer Welfare Team and builds up more than \$500 of debt.

A core part of TRUenergy's identification and management of customers in hardship is the Credit management team.

The credit team receives training in issues relating to hardship and how to manage customers experiencing payment difficulty. This includes making referrals to the Customer Welfare team.

TRUenergy utilise a range of other processes to identify customers who may be experiencing energy hardship.

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These include:

- Where front line staff, throughout the business, are able to identify customers who are experiencing financial hardship, a clear referral process is in place to ensure customers can be transferred to our Customer Welfare team.
- Training of Credit team members in identifying customers in hardship and management options available including referral to the Customer Welfare team
- Telephoning customers who have broken a payment arrangement or instalment plan and which may be experiencing financial difficulty
- Sending 'sms' reminders to customers who have an overdue account
- Contacting customers who have outstanding debt and assisting them with our full range of assistance options
- Visiting customers who are at risk of disconnection as part of our disconnection prevention program
- Placing our hardship policy and information on our hardship program on our website

6.5 Options to Assist Customer maintain their participation in Instalment Plans and Other Measures

Targeted debt relief can play a useful role as part of a holistic approach to managing a customer's financial hardship. Our program aims to assist customers to regain control of their financial situation by providing debt forgiveness with greater energy efficiency awareness and where needed additional support through referrals to community groups.

The aim of this program is to provide targeted and effective debt forgiveness that genuinely assists customers in need. The program operates on three levels:

1. Customer Support Plan

Customers, or their representatives, may apply for a Customer Support Plan, which provides financial assistance to those who have suffered financial hardship.

Customers who have received assistance under the State Government Utility Relief Scheme in the past 12 months and still owe more than \$500 may be eligible for help under the Customer Support Plan.



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We will supplement the grant provided under the URGs Program by providing an additional 25% of the amount of the grant if:

- more than 27% of a customer's total household income is spent on rent/mortgage; or
- more than 5% of a customer's total household income is spent on utilities, excluding telephones.

This will be provided as credit on the customer's account (the minimum payment under this plan is \$100).

- **Special Support Plan**

We will consider waiving a portion of the customer's debt if they meet one of the following criteria:

- A customer is suffering severe hardship or a major personal crisis has occurred beyond the customer's control such as the death of a spouse or a significant health or medical problem. We may need to see supporting evidence.
- We believe that the customer will have little chance to reduce the debt without assistance.

- **Three Way Split**

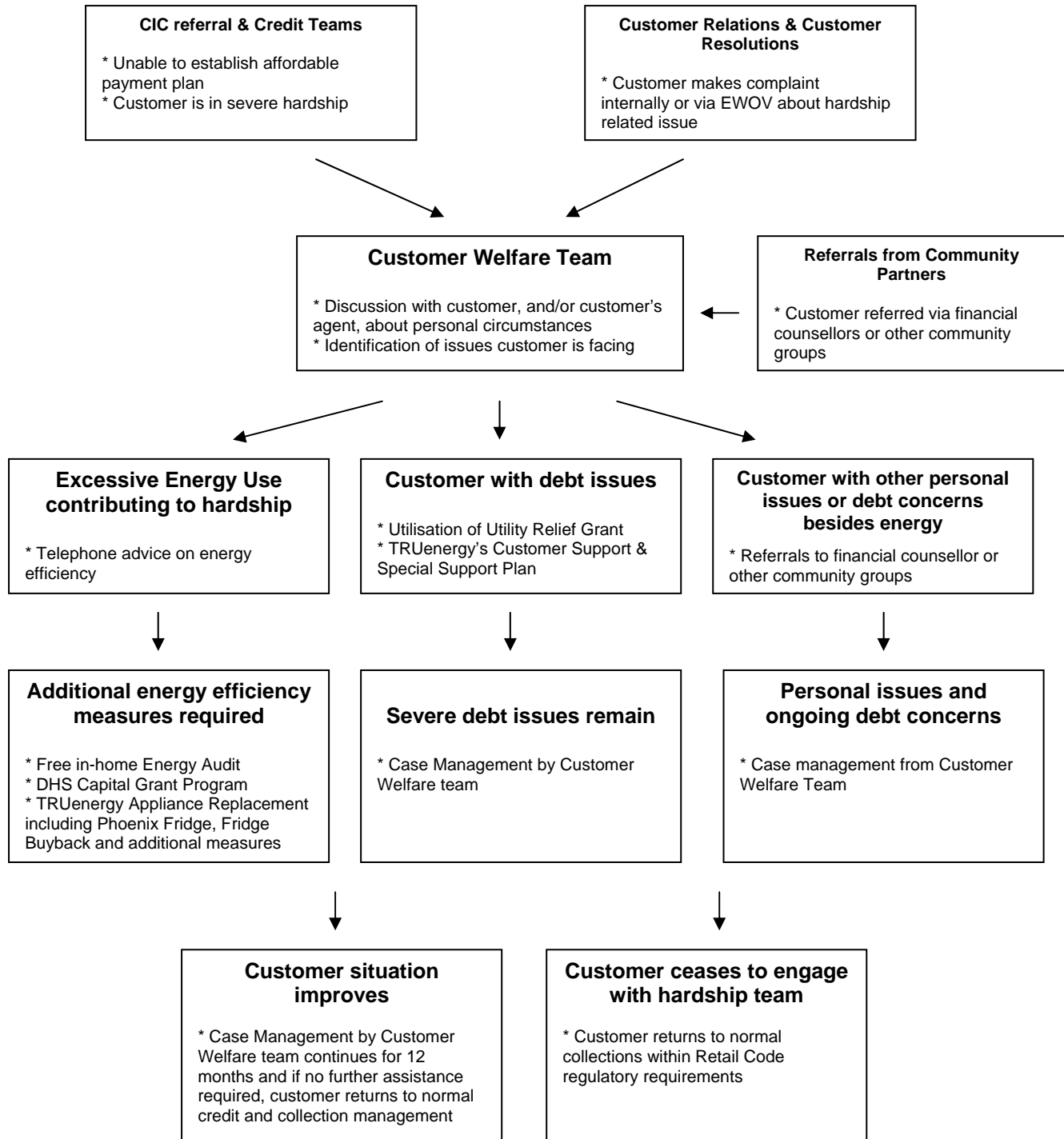
Where a customer has an energy account debt greater than \$1500, TRUenergy will consider matching a debt waiver provided by the Department of Human Services (DHS) under their Utility Relief Grant Scheme.

While circumstances where this waiver will be provided are dependent on the DHS assessment of the customer's circumstances and following confirmation they meet one of the established criteria, this method of debt assistance means that DHS grant will waive one third of the customer's arrears, matched by TRUenergy. This would leave one third of the customer's energy debt to be repaid via instalment plan.

6.6 Process flow for assisting customers in hardship (Clause 2.2 (b) (vi))

The following process outlines what assistance options will be provided to customers and under what circumstances.

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6.7 Informing customers of their rights and obligations

Under TRUenergy's hardship policy customers who make agreements are protected from further credit and collections activity while they adhere to that agreement. We will advise customers via letter at the commencement of this agreement what the terms of the agreement are and what will happen should they not adhere to that agreement. We are currently developing the letter and we anticipate that we will begin using the letter from July 2007.

7 LIMITATIONS ON ASSISTANCE (CLAUSE 2.2 (B))

Our goal for customers experiencing hardship is to help them with their energy needs and to provide targeted support through our hardship assistance programs. It is not our policy to provide ongoing income support.

We recognise that, in some cases, customers will need a period of broad flexibility and assistance before they can manage the usual costs of their energy use. In order to assist customers to achieve an ongoing and sustainable position, we will utilise our full range of assistance programs to empower our customers in order to them to gain active control over their energy accounts.

8 CUSTOMERS NOT COMPLYING WITH AGREEMENTS (CLAUSE 2.2 (B) (XII))

Customers who do not adhere to agreed payment plans will be contacted and managed in accordance with regulatory requirements.

They will be offered every opportunity to re-engage with our Customer Welfare team with the aim of re-establishing payment plans that are within the customer's capacity to pay as well as any other measures applicable to the customer's circumstances.

9 REFERRALS TO OTHER AGENCIES (CLAUSE 2.2 (B) (X))

TRUenergy recognise the important role played by financial counsellors and community groups in assisting customers in hardship and with other personal needs.

TRUenergy staff in has details of a number of financial counsellors across the State to make referrals as required throughout the organisation

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wherever a customer is identified as being in financial hardship. Our Customer Welfare team also maintains up-to-date lists of programs related to a range of community issues and will refer customers to these groups where applicable and possible.

Referral programs include:

- Drug and alcohol dependence
- Gambling addictions
- Domestic violence
- Mental Health issues
- Community Buying Services
- No Interest Loan programs (NILS)
- Government rebate programs (High efficiency gas heater rebate)

10 COMMUNICATING WITH CUSTOMERS IN HARDSHIP (CLAUSE 2.2 (B) (XI))

TRUenergy communicates information to customers about hardship assistance options, including their rights and obligations via a variety of means. These include:

- Telephone calls;
- Letters;
- Specialised pamphlets on our hardship program to all customers who have not responded to reminder letters
- Customer home visits;
- Victorian financial counsellors and community workers;
- Community visits and seminars;
- Email.
- TRUenergy's Customer Charter

In all our contact, we treat the customer with respect and aim to build a relationship with the customer whereby we work together to ensure the customer maintains access to an affordable and reliable energy supply.

Customers who have not paid energy bills by their due date and who have been sent early reminder letters are then sent letters which include pamphlets on TRUenergy's Hardship program.

These letters also provide details on local community financial counselling networks that are available to assist customers in financial hardship.

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13 TELLING OUR STAFF ABOUT OUR HARDSHIP PROGRAMS (CLAUSE 2.2 (B) (XIII))

TRUenergy are proud of the programs we provide to customers experiencing energy hardship and provide comprehensive and regular training on our hardship programs and initiatives to customer facing staff.

For customers involved in the specific case management of customers in hardship, we recruit based on natural skills and understanding of customers who may be experiencing energy financial hardship.

This team is supported by ongoing training and seminars from internal and external groups with specialist understanding of hardship issues in the community.

Staff in TRUenergy's Customer Interaction Centre have clear processes in place for making referrals to the Customer Welfare Team and receive comprehensive training on our hardship program and assistance options available and specifically when referrals should be made to a specialist team.

TRUenergy staff are informed about hardship initiatives through a number of forums where there is significant changes to our hardship policy. These have included and will continue to include:

- Managing Directors Report;
- Quarterly Briefings presented to all staff across the business;
- Business unit meetings relevant to hardship;
- Internal regulatory briefings and reports;
- Informal briefings held across business units; and
- Relevant media articles about hardship distributed throughout the business.

We are also developing an intranet page which will include updates on TRUenergy's hardship policy and programs.

14 PROGRAM REVIEW (CLAUSE 2.4)

We will undertake regular and ongoing reviews into the effectiveness of the hardship program throughout its life. This will assist us to gain a better understanding of the success or otherwise of the pilot programs. Based on the results of the review, we will re-define the parameters of the programs and/or re-allocate funding across programs and develop performance criteria around these targets.