



**ENERGY
CONSUMERS
AUSTRALIA**



**Energy related hardship
responses in light of the
COVID-19 pandemic**

As Australia entered a lock-down in response to the COVID-19 pandemic, governments, regulators and industry announced various assistance measures and support packages. This supplementary report to the SME Tariff-Tracker Report (June 2020) contains information about the various assistance measures available to SMEs as energy consumers, an assessment of the various energy retailers' responses and undertakings, as well as a comparative analysis of the financial assistance available.

1. RESPONSES FROM REGULATORS

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION (ACCC)

The ACCC granted a conditional interim authorisation to allow the Australian Energy Council (AEC), wholesale businesses and energy retailers to co-operate to provide financial relief to customers who may be financially impacted by COVID-19. This allows businesses in the electricity and gas markets to hold discussions, share information, and enter into arrangements for the purpose of providing financial relief and other measures to SMEs and large businesses, and to expand support under existing hardship programs for residential customers.

Link: <https://www.accc.gov.au/media-release/electricity-and-gas-companies-to-co-operate-on-relief-package>

AUSTRALIAN ENERGY REGULATOR (AER)

The AER is responsible for energy retail regulation in NSW, Queensland, South Australia, Tasmania and the ACT. The AER issued a statement of expectations in terms of what energy retailers should offer their customers. This included:

- Offering small business customers who are experiencing financial stress a payment plan or hardship arrangement, regardless of whether the customer meets the 'usual' criteria for assistance.
- Be prepared to modify existing payment plans if a customer's changed circumstances make it necessary.
- Not to disconnect small business customers who may be experiencing financial stress without their agreement before 31 July 2020 and potentially beyond.
- Defer referrals to debt collection until at least 31 July 2020.
- Waive disconnection, reconnection and/or contract break fees for small businesses that have ceased operations, as well as daily supply charged to retailers, until at least 31 July 2020.

In early June 2020, the AER issued a set of additional expectations of energy businesses. In relation to SME customers, the AER announced the following expectations of retailers:

- To offer all SMEs that are eligible for the JobKeeper payment, who indicate they may be in financial stress, a payment plan or hardship arrangement, regardless of whether the customer meets the 'usual' criteria for that assistance.
- Not to disconnect any SME who may be in financial stress (including SMEs eligible for the JobKeeper Payment), without their agreement, before 31 July 2020 and potentially beyond.
- To prioritise clear, up-to-date communications with customers about assistance measures available, including by keeping website, social media and call centre waiting and hold messages up to date.

The AER also expects network businesses to minimise the frequency and duration of planned outages for critical works and provide as much notice as possible to assist businesses managing outages.

Link: <https://www.aer.gov.au/system/files/AER%20-%20Statement%20of%20Expectations%20-%209%20April%202020.pdf>

Link: <https://www.aer.gov.au/publications/corporate-documents/aer-statement-of-expectations-of-energy-businesses-protecting-consumers-and-the-energy-market-during-covid-19>

In order to allow the AER to promptly react and support the market, if required, the AER has called on retailers to voluntarily provide them with data on a more frequent basis. The AER will use this data to publish weekly updates on high-level changes in the retail market.

Link: <https://www.aer.gov.au/communication/retail-market-data-dashboard-covid-19>

The AER is also concerned about the COVID-19 pandemic's impact on energy retailers' cash-flows, and the potential for cascading business failures. If this occurs, bills will increase both because of the way the Retailer of Last Resort (RoLR) arrangements operate and because there will be less competition. The RoLR mechanism facilitates the transfer of customers to another retailer if their own retailer goes out of business.

To help prevent retail business failure, the AER has lodged a Rule change request with the Australian Energy Market Commission (AEMC) that seeks to allow retailers to defer the payment of network charges for customers affected by the COVID-19 pandemic for six months. The AEMC has agreed to treat AER's proposal as an urgent energy rule change request.

Link: https://www.aemc.gov.au/sites/default/files/documents/erc0302_-_consultation_paper_-_for_publication.pdf

Link: <https://www.aemc.gov.au/news-centre/media-releases/urgent-inquiry-begins-protecting-energy-consumers-covid-19-retailer>

ESSENTIAL SERVICES COMMISSION (ESC), VICTORIA

The ESC launched a campaign to inform Victorian customers about the support energy retailers must offer to customers that face payment difficulties. The ESC also contacted energy businesses to offer support and remind them of their obligations to help customers who are having trouble paying their bills.

Link: <https://www.esc.vic.gov.au/media-centre/coronavirus-update>

ECONOMIC REGULATORY AUTHORITY (ERA), WESTERN AUSTRALIA

The ERA published the following statement: "The ERA is committed to acting in a reasonable, consistent and transparent manner. During the state of emergency, we will stay in close contact with licensees and regulated entities, to identify and help manage any issues arising from the pandemic that affect their regulated activities."

Link: <https://www.erawa.com.au/cproot/21153/2/Notice---COVID-19.pdf>

UTILITIES COMMISSION, NORTHERN TERRITORY

There is no information about coronavirus on the website.

2. FINANCIAL ASSISTANCE FROM STATE AND TERRITORY GOVERNMENTS

While the Federal Government's JobKeeper payment will be the cornerstone of assistance measures for many SMEs, state and territory governments have also announced various assistance measures for SMEs impacted by the COVID-19 pandemic. Some initiatives focus on specific industries, some are to reduce specific costs (e.g. energy) and liabilities (e.g. payroll tax), while some jurisdictions offer broader grants that businesses can use to cover a range of costs. Key support measures, as well as energy specific measures, are included below.

NSW STATE GOVERNMENT

The NSW Government launched the Small Business COVID-19 Support grant program. Under this scheme, small businesses and not for profit organisations that have experienced a significant decline in revenue due to COVID-19 may be eligible for a support grant of up to \$10,000 (to cover expenses such as utilities, etc.).

Link: <https://www.service.nsw.gov.au/transaction/apply-small-business-covid-19-support-grant>

VICTORIAN STATE GOVERNMENT

The Victorian Government established the *Business Support Fund* grants program where eligible businesses can apply for a one-off \$10,000 grant. The grant can be used towards costs such as utilities, rent and salaries, and activities to support business continuity planning.

Link: <https://www.business.vic.gov.au/disputes-disasters-and-succession-planning/illness-and-business-management-plan/coronavirus-business-support>

QUEENSLAND STATE GOVERNMENT

In Queensland, COVID-19 affected small businesses may be eligible for grants of up to \$10,000 under the Small Business Adaptation Grant Program.

Link: https://www.covid19.qld.gov.au/_data/assets/pdf_file/0027/128196/Fact-Sheet-Economic-Recovery-Support-for-Small-Business_FINAL.pdf

In relation to energy costs, the Queensland Government's COVID-19 Economic Relief Package – Power bill relief offers SMEs and sole traders that consume less than 100,000 kWh per annum a \$500 rebate on their electricity bill (automatically applied).

Link: <https://www.business.qld.gov.au/running-business/energy-business>

SOUTH AUSTRALIAN STATE GOVERNMENT

In South Australia, the Jobs Rescue Package includes one off emergency grants of \$10,000 for small businesses and not for profit organisations that have suffered a significant loss of income, or been forced to close, as a result of COVID-19 related restrictions.

Link: <https://www.covid-19.sa.gov.au/business-and-work/support-for-businesses>

TASMANIAN STATE GOVERNMENT

The Tasmanian Government has acted to lower utility bills for SMEs. Electricity and water bills will be waived for the quarterly bill received after 1 April 2020 for small business customers on regulated tariffs (on Tariff 22, 94, 82 or 75), as well as small businesses (who consume less than 150,000 kWh per annum) on market contracts.

The Government also announced that electricity prices will be capped, and fees and charges will be frozen, for the next financial year.

Link: <https://www.coronavirus.tas.gov.au/stimulus-and-support/businesses-and-industries>

ACT GOVERNMENT

In the ACT, small businesses, with electricity usage below 100,000 kWh per annum, will get a rebate of \$750 automatically applied to their electricity bill in June or July 2020. Cafes, restaurants and takeaways can also receive a one-off rebate of \$1,000 on electricity bills issued in the first quarter of 2020-21. Eligible businesses will need to apply to receive this rebate.

Link: <https://www.covid19.act.gov.au/economic-support/economic-survival-package/supporting-local-businesses-and-the-economy#Electricity-rebates>

WESTERN AUSTRALIAN STATE GOVERNMENT

The Western Australian Government has announced a one-off \$2,500 credit on electricity bills (Synergy & Horizon Power customers) for small businesses that consume less than 50,000 kWh per annum. This credit will be automatically allocated from 1 May 2020 to reduce current and future electricity bills. There will also be no disconnections or charging of interest on deferred electricity payments.

Link: <https://www.wa.gov.au/organisation/department-of-the-premier-and-cabinet/covid-19-coronavirus-support-business>

NORTHERN TERRITORY GOVERNMENT

In the Northern Territory, electricity bills, as well as water and sewerage, will be cut by 50% for all businesses for six months from 1 May 2020.

Link: <https://nt.gov.au/industry/support-for-business/programs-and-initiatives>

3. RESPONSES FROM INDUSTRY

AUSTRALIAN ENERGY COUNCIL (AEC)

The AEC is the peak organization for electricity and downstream gas businesses operating in the competitive retail and wholesale markets. AEC's energy retail members will pause any external debt collection and bankruptcy proceedings and will not charge any late fees if customers participating in hardship programs cannot pay on time.

The AEC also announced that it will be working with networks, governments and other stakeholders to ensure emergency relief payments and other concessions are readily available and sufficient, as well as to work on developing other support measures required over the next 6 months.

Link: <https://www.energycouncil.com.au/news/retailers-confirm-support-for-energy-customers/>

ENERGY NETWORK ASSOCIATION (ENA)

The ENA is the peak body for the regulated electricity and gas network businesses. The ENA announced a *Network Relief Package* where network charges will be rebated for small business customers experiencing financial stress and who are mothballing as a result of COVID-19. These relief measures are available to SMEs in NSW, Victoria and South Australia.

Relief will apply to all small business customers who:

- Are mothballing over the period of 1 April to 30 June 2020 as a result of COVID-19
- Eligible small business customers are those that consume less than 40,000 kWh or 400 GJ per annum (based on 2019 consumption) and use less than 25% of historical average consumption for the period
- This will apply for customer network charges from 1 April to 30 June 2020
- Rebating of payments will be processed by networks in arrears of monthly invoicing, with networks providing a rebate of the relevant network charges by the end of September 2020 for the period from 1 April to 30 June 2020 following receipt of supporting evidence by 1 September 2020
- Charges covered for electricity customers are: transmission, distribution, network metering and network jurisdictional charges
- Charges covered for gas customers are: distribution, network metering and network jurisdictional charges

Link: <https://www.energynetworks.com.au/miscellaneous/covid-19-electricity-and-gas-network-relief-package/>

Link: <https://www.energynetworks.com.au/resources/reports/2020-reports-and-publications/network-relief-package-frequently-asked-questions-faq/>

ENERGY RETAILERS' RESPONSES

Individual electricity and gas retailers have provided information to their customers via emails and online content. Between 24 April and 22 June 2020, we examined messages that the retailers had posted on their websites about COVID-19 related financial hardship and assistance available to customers. There were only 3 retailers that did not have any COVID-19 pandemic related information

on their websites while the majority of retailers provided information about their hardship programs and how they might assist customers facing payment difficulties.¹ Some retailers also informed customers about interim payment extension and disconnection policies. Table 1 below summarises the information available on the retailers' websites.

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TABLE 1 | Information for customers available on retailers' websites

Retailer	Informing customers				Providing direct assistance					
	Information about COVID-19 only	Alerting customers to their own hardship programs/payment plans	About government assistance (Federal)	About government assistance (State)	Payment extensions	Removal of late payment fees	Removal of default listings	No interest on deferred bills	No disconnections	Automatic deferral of bill payments for customers in hardship
1st Energy		●	● (Centrelink, Jobseeker, corona virus supplement)		●					
ActewAGL		●*		●	●	●	●		No fees**	
AGL		●	●	●	● (until 31/7/20)	●	●	●	● (until 31/7/20)	● (until 31/7/20)
Alinta Energy		●		●	●					
Amaysim		●	●	●						
Aurora Energy		●		●	●	●***				
BlueNRG			●							
Click Energy		●	●	●						
Commander		●								
CovaU										
Diamond Energy	●									
Dodo Power & Gas		● (case-by-case)								
EnergyLocals		●							No fees**	
Energy Australia		●		●	● (Rapid Business Assist Program)				No fees^	
Enova Energy	●									
Ergon Energy				●	●				●	

¹ Note that while some retailers established COVID-19 specific responses (E.g. Energy Australia's Rapid Business Assist program and AGL's COVID-19 Customer Support Program) other retailers added components (such as suspending disconnections) to their already existing hardship policies.

Retailer	Informing customers				Providing direct assistance					
	Information about COVID-19 only	Alerting customers to their own hardship programs/payment plans	About government assistance (Federal)	About government assistance (State)	Payment extensions	Removal of late payment fees	Removal of default listings	No interest on deferred bills	No disconnections	Automatic deferral of bill payments for customers in hardship
Future X Power										
GloBird Energy		●	●		●	●	●		● (until 31/7/20)	
Horizon Power		●	●		●					
Jacana Energy		●		●	●					
Kleenheat		●		● (residential only)						
LPE		●		●		● (until 31/7/20)	● (until 31/7/20)		● (until 31/7/20)	
Lumo Energy		●	● (Centrelink)	● (concessions/residential)	●					
Momentum Energy		●		● (residential only)	● (one per bill)					
Next Business Energy		●		●						
Origin Energy		●	●		●	● (until 31/7/20)	●		● (until 31/7/20)	
Powerclub										
Powerdirect		●	●	●	● (until 31/7/20)				● (until 31/7/20) ^{^^}	
Powershop		●	● (no links or names)	● (no links or names)	●					
Q Energy		●	●		●	●#		●#		
Red Energy		●		●	●					
Simply Energy		●		●	●					
Sumo Power	●									
Synergy		●		●	●	●		●##	● (until 30/9/20)	
Tango Energy		●		● (residential only)	●					
Tas Gas		● (case-by-case)								

* Only for businesses who consume less than 100 MWh per annum

** No disconnection fees for temporarily closed businesses

*** If extension is approved

^ No disconnection fees for closed businesses

^^ For customers on the support program

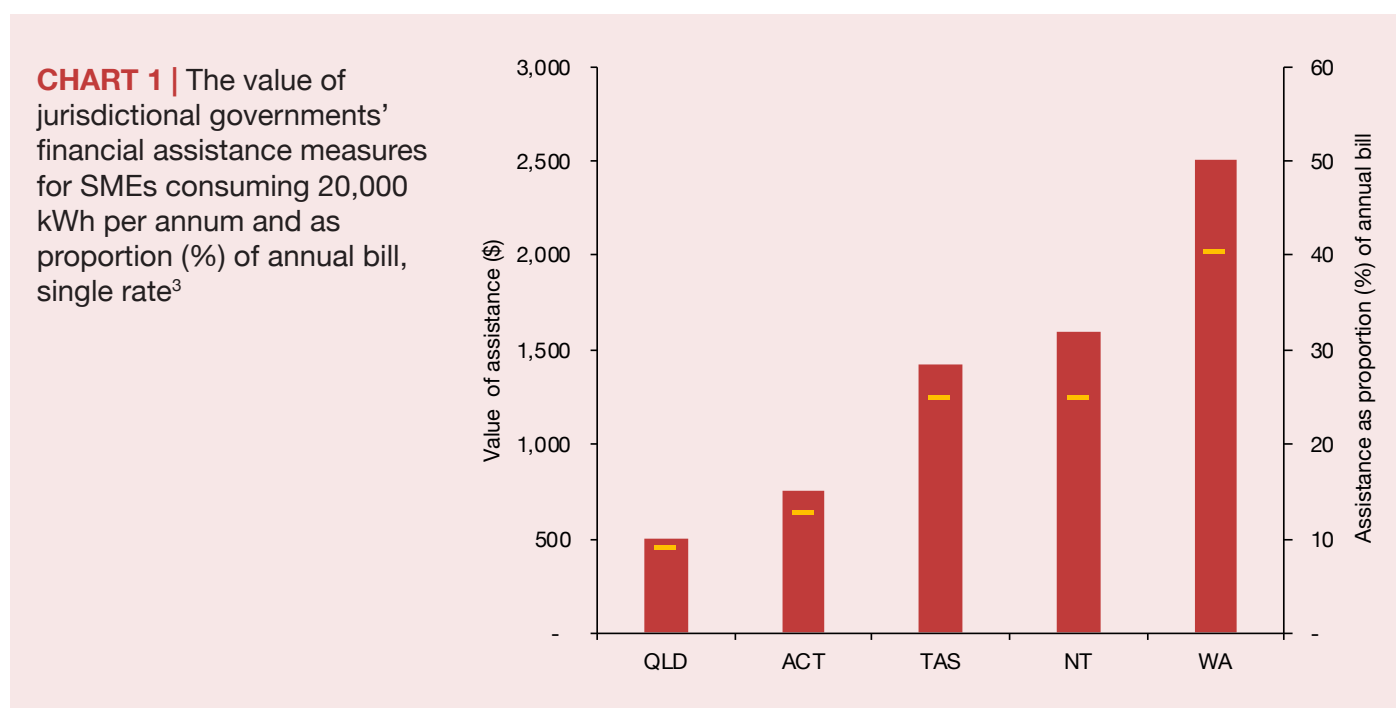
For customers in financial stress

Only for businesses who consume less than 50 MWh per annum

4. THE RELATIVE VALUE OF ENERGY SPECIFIC FINANCIAL ASSISTANCE

Section 2 above outlined state and territory government assistance with energy bills and section 3 discussed ENA's *Network Relief Package*. This section looks at the relative value of the governments' assistance based on SMEs consuming 20,000 kWh per annum. It also estimates the impact the *Network Relief Package* will have on businesses that consumed 20,000 kWh per annum prior to the COVID-19 pandemic and have had a 75% reduction in consumption.

Chart 1 below shows the value of jurisdictional governments' energy specific financial assistance measures for SME's consuming 20,000 kWh per annum. In Tasmania and the Northern Territory, the value of the assistance will be much greater for businesses with higher consumption than this.² It shows that the Western Australian assistance equates to 40% of the annual bill (for SMEs with this consumption level), in the Northern Territory and Tasmania it equates to 25% of an annual bill, while it covers 13% and 9% of annual bills in the ACT and Queensland respectively.



The value of the network relief package, available to SMEs in NSW, Victoria and South Australia, will vary somewhat between network areas. Chart 2 below shows estimated value of rebates available to SMEs that previously consumed 5,000 kWh/quarter and now use 25% or less compared to previous consumption. It shows that the value of the rebate will be greatest in the larger country networks (Ausnet Services in Victoria's east, South Australia Power Network, and Essential Energy in country NSW) where the network charges are highest. SMEs with this consumption level, and a 75% decrease in consumption, can expect between \$230 and \$250 reduction to their bill. SMEs in Melbourne's Citipower network, on the other hand, can expect a reduction of around \$150 (for the same consumption level). As these estimates are based on businesses using 20,000 kWh per annum, prior to mothballing, but the relief package covers SMEs that use up to 40,000 kWh per annum, many businesses will receive rebates that are greater than the amounts shown here.

² Tasmania will waive a quarterly electricity bill for businesses with an annual consumption of up to 150,000 kWh per annum while businesses in the Northern Territory can apply for a 50% cut to their electricity bills for a 6 month period.

³ Based on the average market offer as of April 2020 in South East Queensland and the ACT (inclusive of guaranteed and pay on time discounts), the regulated offer in North Queensland, Tasmania, Western Australia and the Northern Territory.

CHART 2 | The value of the network relief package for SMEs previously consuming 5,000 kWh per quarter and with a 75% reduction in consumption, single rate



Chart 3 below shows estimated value of rebates available to SMEs that previously consumed 25 GJ/quarter and now use 25% or less compared to previous consumption. It shows that the value of the rebate will be greatest in South Australia where the network charges are highest. SMEs with this consumption level, and a 75% decrease in consumption, can expect a reduction of around \$70 to their bill. SMEs in NSW’s Jemena network, on the other hand, can expect a reduction of less than \$20 (for the same consumption level). As these estimates are based on businesses using 100 GJ per annum, prior to mothballing, but the relief package covers SMEs that use up to 400 GJ per annum, many businesses will receive rebates that are greater than the amounts shown here.

CHART 3 | The value of the network relief package for SMEs previously consuming 25 GJ per quarter and with a 75% reduction in consumption⁴



⁴ As gas usage charges have multiple blocks and can be seasonal, this calculation has been based on the average variable network charge (which ranges from \$15.15/GJ in South Australia to just over \$1/GJ in Victoria’s Ausnet Services network) as well as the daily supply charge.