A woman with curly brown hair is hugging a young girl with brown hair. The woman is wearing a green shirt and the girl is wearing a yellow shirt with blue stripes. They are both smiling and looking at each other. The background is dark with a pattern of small dots.

Review of payment difficulty protections in the National Energy Customer Framework

Stakeholder forum

Wednesday, 11 June 2025

Speakers

Jarrold Ball, AER Board member

Lois Shedd, Acting Director, Consumer Policy





We wish to acknowledge the Traditional Custodians of the lands on which we meet today.

We pay our respects to Elders past, present and into the future. We acknowledge their continuing connection to the land, sea and community.

We acknowledge and welcome any Aboriginal and Torres Strait Islander people who are attending today's event.

Agenda



Introduction

5 minutes

Key findings

10 minutes

Opportunities

20 minutes

Increasing the minimum disconnection amount

15 minutes

Questions

10 minutes

About the review

This review aimed to identify whether change is needed to ensure that consumers experiencing payment difficulty are proactively identified, engaged early and supported appropriately with assistance that is tailored to their individual circumstances.



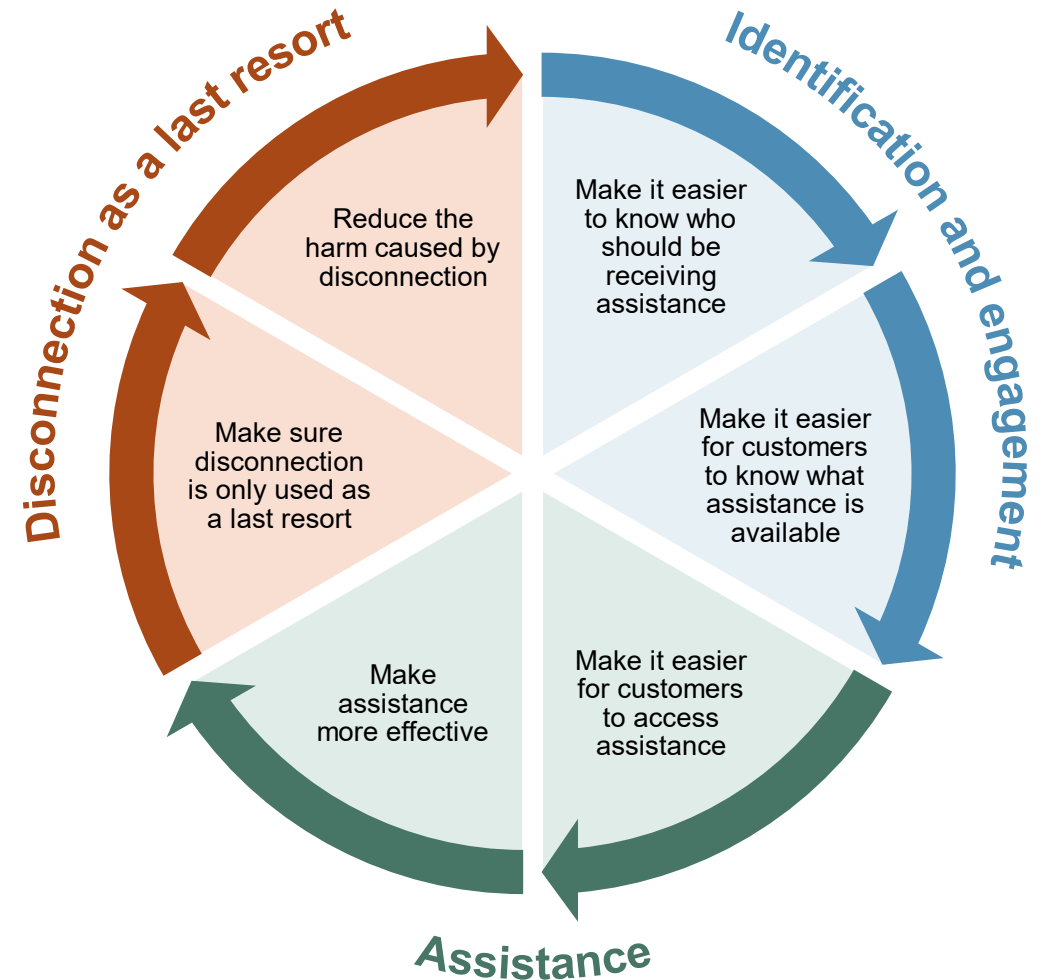
The current protections are not fit for purpose

- ▶ There is a **persistent assistance gap** that means some customers are missing out on help.
- ▶ The **quality of information about assistance is inconsistent** and can often fail to meet customer needs.
- ▶ **Assistance provided under the framework is often ineffective**, places inappropriate expectations on customers and is provided in an inconsistent way across retailers.
- ▶ **Disconnection is relied on as an engagement tool**, rather than a last resort.

We identified 13 opportunities for improvement across the customer journey

Together, these changes will:

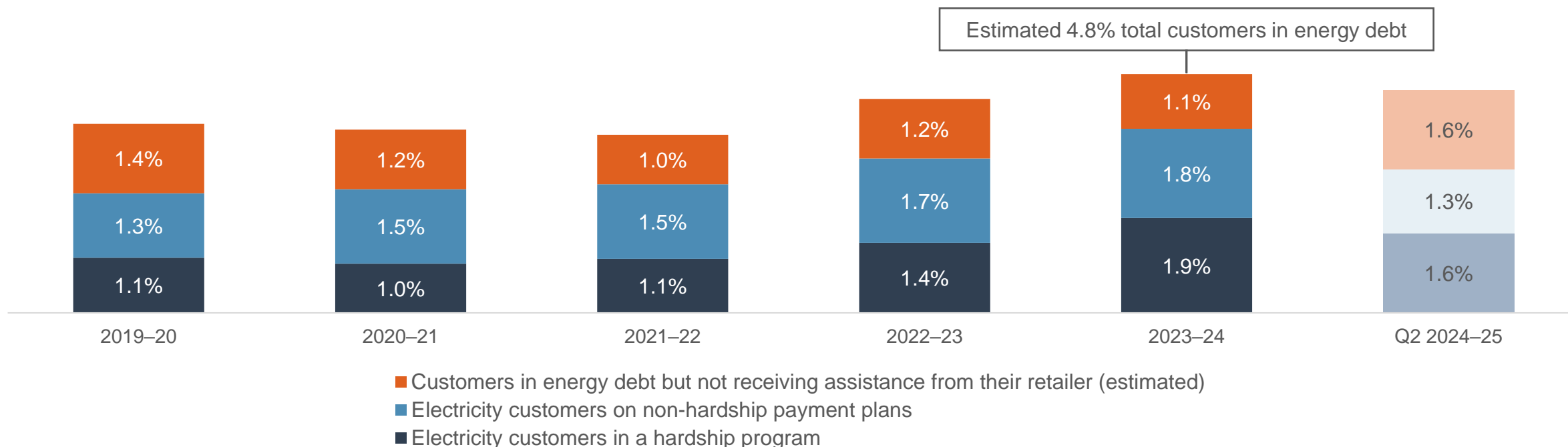
- ✓ improve protections and outcomes for customers experiencing payment difficulty
- ✓ make customer experiences more consistent, supporting greater awareness and trust
- ✓ simplify regulatory compliance for retailers due to a simpler eligibility framework, clearer minimum standards and greater consistency across jurisdictions
- ✓ reduce the burden of debt in the energy system by better ensuring retailers engage with customers experiencing payment difficulty proactively and effectively.



Key findings

There is a persistent assistance gap

Estimating the scale of payment difficulty in the NECF over time using AER retail performance reporting data – Proportion of electricity customers

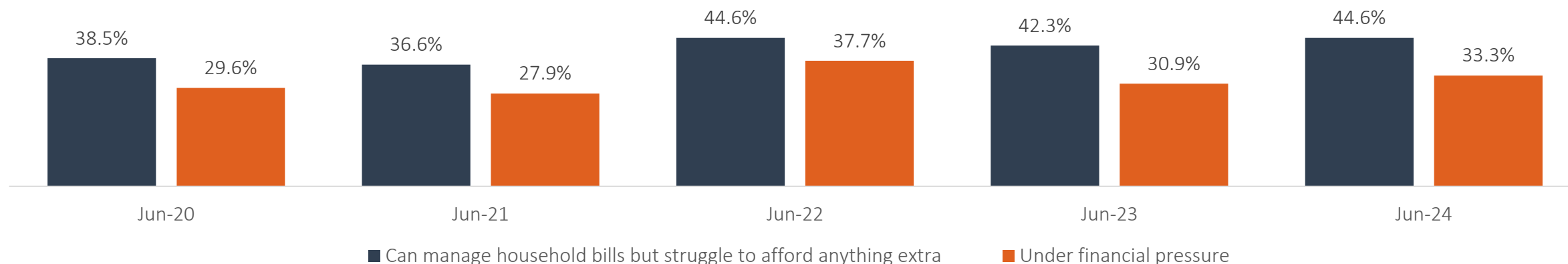


Note: Charts refer to electricity customers to best capture the full scope of payment difficulty. Customers in energy debt but not receiving assistance is a proxy metric calculated by combining the proportion of customers with non-hardship energy debt and the proportion of electricity customers on hardship programs. This is then compared to the proportion of electricity customers on hardship programs and the proportion of electricity customers on non-hardship payment plans. This calculation assumes that most hardship customers have energy debt and most gas customers experiencing payment difficulty are also experiencing payment difficulty with their electricity.

Source: AER, [Schedule 3 – Quarter 4 2023–24 retail performance data](#), December 2024; AER, [Schedule 4 – Quarter 4 2023–24 retail performance data](#), December 2024; AER, [Key trends – Quarter 2 2024–25 retail performance data](#), March 2025.

The gap is even larger for hidden payment difficulty

Estimating the scale of hidden payment difficulty in the NECF over time using ECA Energy Consumer Sentiment Survey data – Proportion of respondents struggling or under financial pressure not receiving assistance

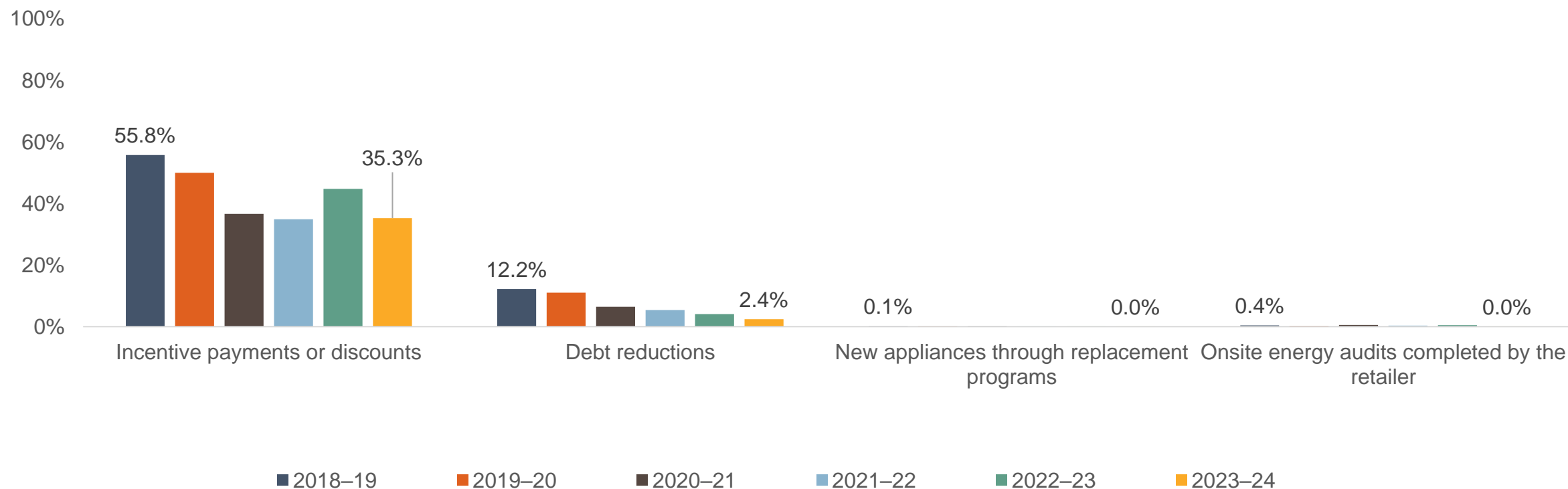


Note: Proportion of people not receiving assistance is calculated based on the number of respondents who responded 'no' to both having a special payment arrangement with their electricity retailer as a result of financial hardship and receiving a concession, rebate or other assistance with energy bills.

Source: AER analysis of Energy Consumers Australia [Energy Consumer Sentiment Survey](#) data (filtered for residents living in NECF states and territories, $n = 1450$ (2020), 1478 (2021), 1400 (2022), 1400 (2023), 1401 (2024)).

Customers rarely receive assistance to lower usage

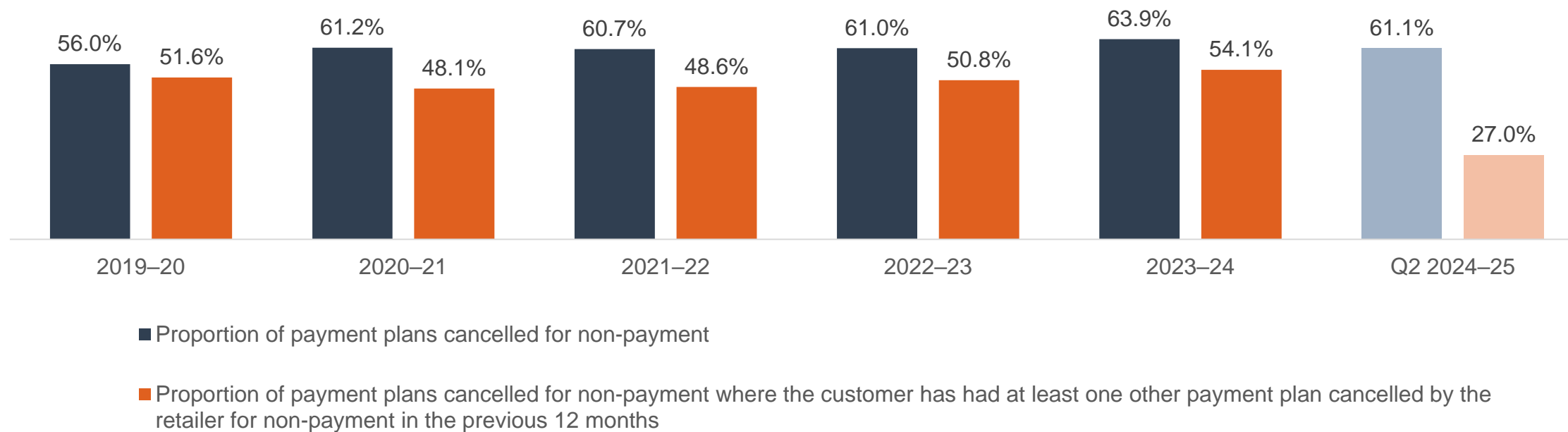
Proportion of electricity customers on hardship programs who received assistance to lower energy costs
(quarterly average)



Source: AER, [Schedule 4 – Quarter 4 2023–24 retail performance data](#), Sheet: 'Hardship Assist - Elec'; AER, [Schedule 4 – Quarter 4 2022–23 retail performance data](#), Sheet: 'Hardship Assist - Elec'; AER, [Schedule 4 – Retail Performance Data Q4 2021–22](#), Sheet: 'Hardship Assist - Elec'; AER, [Schedule 4 – Retail Performance Data Q4 2020–21](#), Sheet: 'Hardship Assist - Elec'; AER, [Schedule 4 – Q4 2019–20 Retail Performance Data](#), Sheet: 'Hardship Assist - Elec'; AER, [Schedule 4 – Q4 2018–19 Retail Performance Data](#), Sheet: 'Hardship assistance'; average across all quarters.

Assistance is often ineffective

Proportion of payment plans cancelled for non-payment



Note: Averages of electricity and gas.

Source: AER, [Schedule 3 – Quarter 4 2023–24 retail performance data](#), Sheets: 'Payment Plans', 'Payment Plan by Type – Elec', 'Payment Plan by Type – Gas'; AER, [Schedule 3 – Quarter 2 2024–25 retail performance data](#), Sheets: 'Payment Plans', 'Payment Plan by Type – Elec', 'Payment Plan by Type – Gas'.

Opportunities

We compared potential opportunities against criteria

(1)

Impact on **intended outcome**

(2)

Equity of impact on intended outcome across consumers

(3)

Impact on **consumer trust and engagement**

(4)

Impact on **costs for consumers**

(5)

Impact on **costs for retailers**

(6)

Impact on **regulatory complexity**

(7)

Difficulty of **implementation**

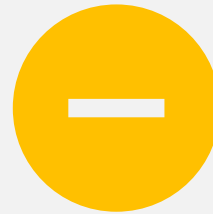
(8)

Risk of **unintended consequences**

We used a 'traffic light' system to compare options



Not likely to meet the
criterion



May meet or likely to
partially meet the
criterion



Likely to meet the
criterion

Opportunities for improving identification and engagement require law and rule changes

Make it easier to know who should be receiving assistance

1

Introduce a single, consistent definition for customers experiencing payment difficulty.

Change to National Energy Retail Law, with interim improvements through changes to National Energy Retail Rules

Make it easier for customers to know what assistance is available

2

Require retailers to provide generally available information about assistance that is easy for all customers to access, understand and act on.

Change to National Energy Retail Rules

3

Introduce a proactive engagement obligation for retailers to provide information to customers in response to an objective trigger.

Change to National Energy Retail Rules

4

Require retailers to take steps to engage with customers in ways that meet their needs.

Change to National Energy Retail Rules

Cost impacts are proportionate to the benefits

	Outcome	Equity	Trust and engagement	Costs for consumers	Costs for retailers	Regulatory complexity	Difficulty of implementation	Unintended consequences
Opportunity 1. Introduce a single, consistent definition for customers experiencing payment difficulty.	✓	✓	✓	Risk retailers pass costs onto customers	Moderate cost impact	✓	Requires government to progress legislative change	✓
Opportunity 2. Require retailers to provide generally available information about assistance that is easy for all customers to access, understand and act on.	✓	✓	✓	✓	Minimal cost impact	✓	Retailers likely to apply the requirement inconsistently	✓
Opportunity 3. Introduce a proactive engagement obligation for retailers to provide information to customers in response to an objective trigger.	✓	✓	✓	Risk retailers pass costs onto customers	Moderate cost impact	✓	✓	Overly prescriptive approach could increase costs and reduce customer engagement
Opportunity 4. Require retailers to take steps to engage with customers in ways that meet their needs.	✓	✓	✓	✓	Minimal cost impact	✓	Retailers likely to apply the requirement inconsistently	✓

The eligibility framework can be simplified in stages

Current framework

Residential customers

Retail Law, s 2(1)

Hardship customers

A residential customer of a retailer who is identified as a customer experiencing financial payment difficulties due to hardship in accordance with the retailer's customer hardship policy

Retail Law, s 2(1), s 43 and s 44(a)

Other customers experiencing payment difficulty who self-identify or are identified by their retailer

Other residential customers experiencing payment difficulties if the customer informs the retailer in writing or by telephone that the customer is experiencing payment difficulties or the retailer otherwise believes the customer is experiencing repeated difficulties in paying the customer's bill or requires payment assistance

Retail Law, s 50(1)(b)

Other customers experiencing payment difficulty who self-identify

Other residential customers experiencing payment difficulties if the customer informs the retailer in writing or by telephone that the customer is experiencing payment difficulties

Retail Rules, r 33(1)(b) and r 111(2)

Interim improvement

Minor rule changes

Residential customers

Retail Law, s 2(1)

Hardship customers

*Retail Law, s 2(1),
s 43 and s 44(a)*

Other customers experiencing payment difficulty who self-identify or are identified by their retailer

*Retail Law, s
50(1)(b)*

*Retail Rules, r
33(1)(b) and r 111(2)*
[Align language in
Rules with Law]

Proposed framework

Law change

Residential customers

Retail Law, s 2(1)

Customers experiencing payment difficulty

New definition that applies regardless of how the customer is identified as experiencing payment difficulty, removes reference to identification by the retailer, avoids the stigmatising language of hardship, and clarifies that protections continue to apply to former customers as well as to customers who move house while remaining with the same retailer

Retail Law, s 2(1)

Opportunities for improving assistance require rule changes

Make it easier for customers to access assistance

- ⑤ Introduce minimum assistance standards for all customers.
Change to National Energy Retail Rules
- ⑥ Ban retailers from requiring proof of circumstances to access payment difficulty assistance.
Change to National Energy Retail Rules

Make assistance more effective

- ⑦ Introduce minimum assistance standards for customers experiencing payment difficulty.
Change to National Energy Retail Rules
- ⑧ Strengthen protections to make payment plans more affordable.
Change to National Energy Retail Rules

There are likely to be low implementation barriers

	Outcome	Equity	Trust and engagement	Costs for consumers	Costs for retailers	Regulatory complexity	Difficulty of implementation	Unintended consequences
Opportunity 5. Introduce minimum assistance standards for all customers.	✓	✓	✓	✓	Minimal cost impact	✓	✓	Retailers may redirect resources from more intensive support to deliver baseline support
Opportunity 6. Ban retailers from requiring proof of circumstances to access payment difficulty assistance.	✓	✓	✓	✓	Minimal cost impact	✓	✓	✓
Opportunity 7. Introduce minimum assistance standards for customers experiencing payment difficulty.	✓	✓	✓	Risk retailers pass costs onto customers	Moderate cost impact	✓	Retailers likely to apply some requirements inconsistently	Retailers may redirect resources from more intensive support to deliver baseline support
Opportunity 8. Strengthen protections to make payment plans more affordable.	✓	✓	✓	Risk retailers pass costs onto customers	Moderate cost impact	✓	✓	✓

Opportunities for strengthening disconnection protections require changes across the framework

Make sure disconnection is only used as a last resort

- 9 Strengthen minimum disconnection protections, including increasing the minimum disconnection amount.
Change to National Energy Retail Rules and AER decision
- 10 Strengthen requirements for communication in the disconnection process.
Change to National Energy Retail Rules
- 11 Strengthen the principle that disconnection is a last resort option, including introducing financial penalties for retailers who fail to uphold the principle.
Change to National Energy Retail Regulations

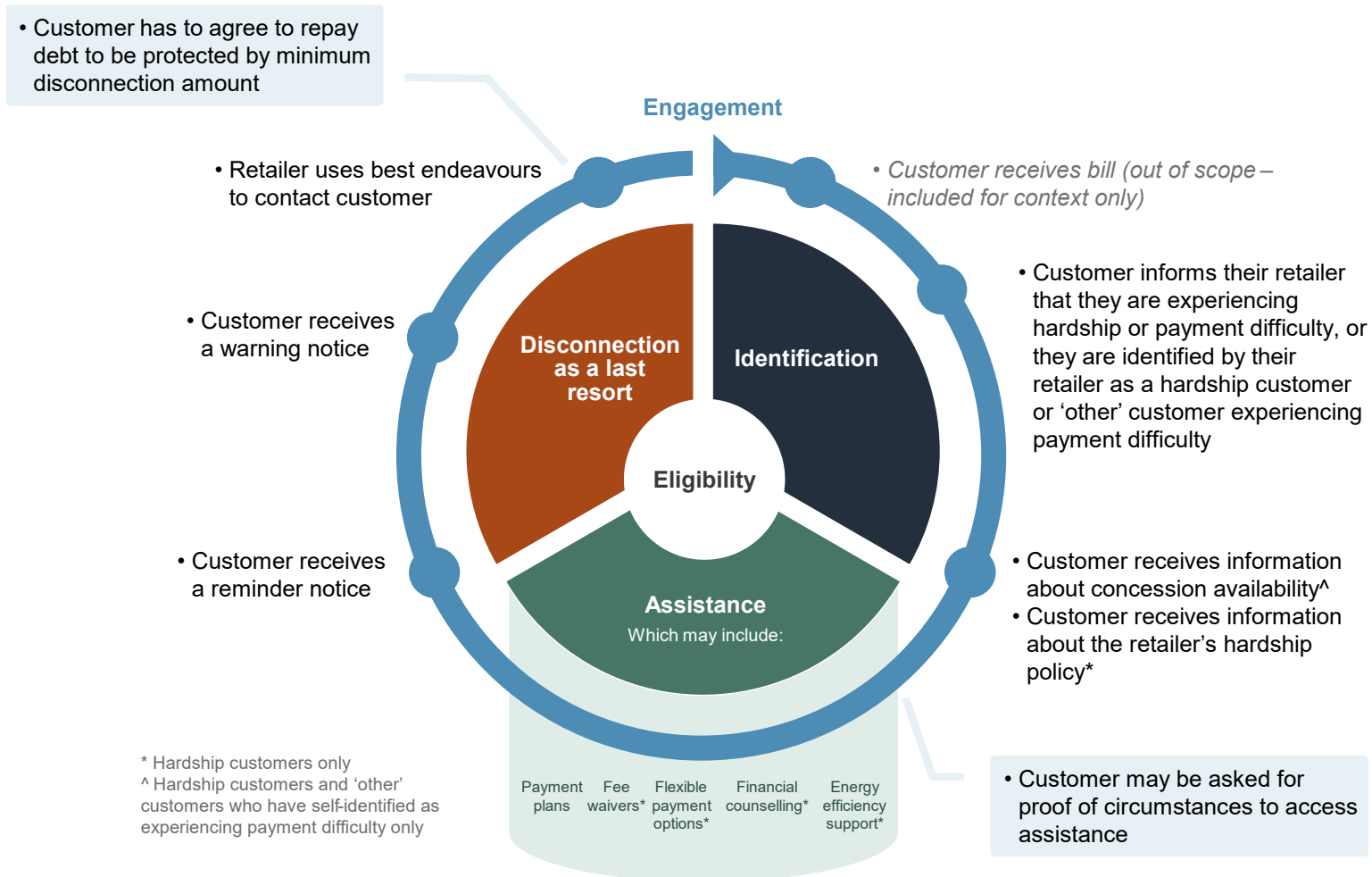
Reduce the harm caused by disconnection

- 12 Ban reconnection fees for customers experiencing payment difficulty.
Change to National Energy Retail Rules
- 13 Consider alternatives to disconnection to manage risk in the energy market.
Opportunity for jurisdictional policymakers

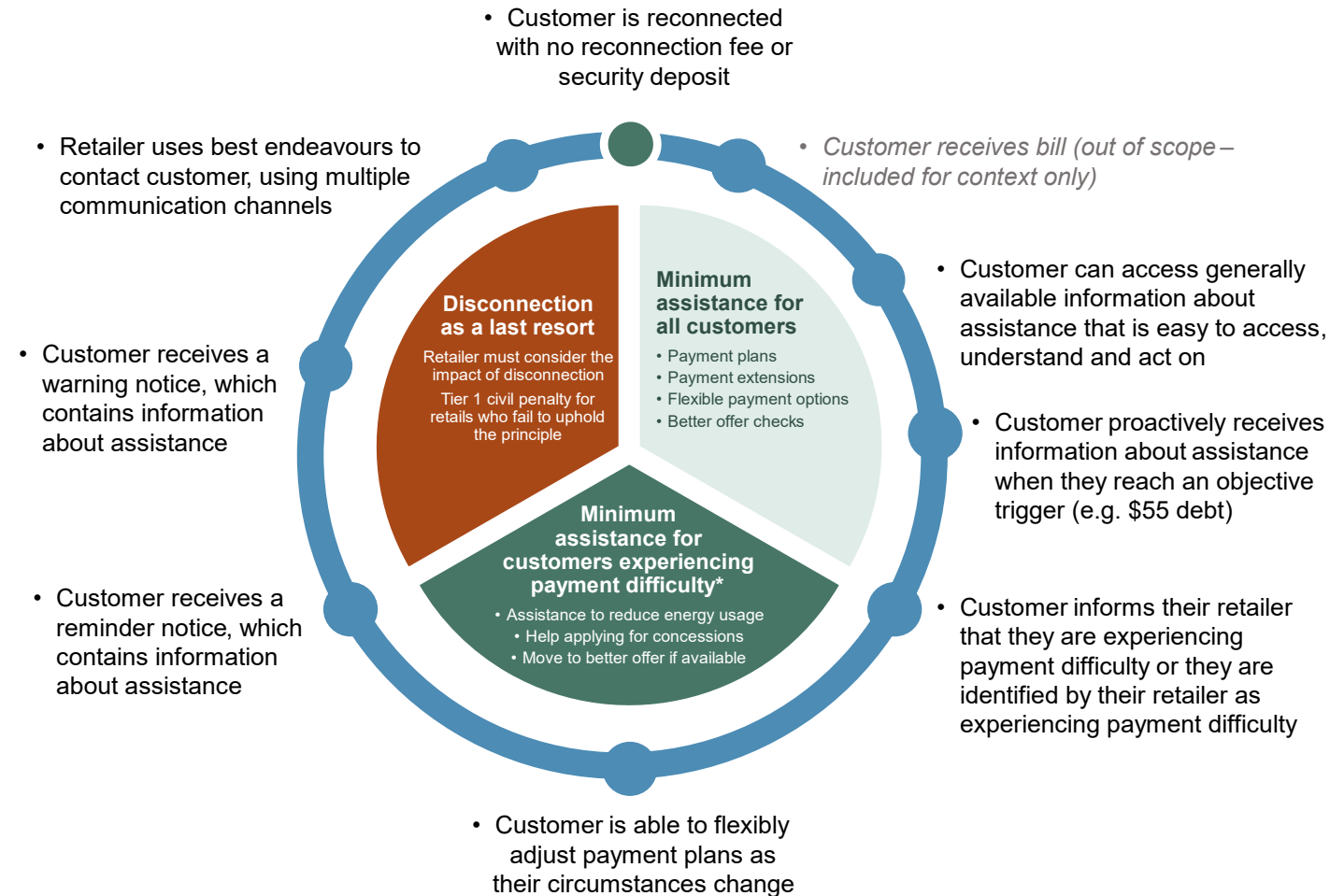
There is a low risk of unintended consequences

	Outcome	Equity	Trust and engagement	Costs for consumers	Costs for retailers	Regulatory complexity	Difficulty of implementation	Unintended consequences
Opportunity 9. Strengthen minimum disconnection protections, including increasing the minimum disconnection amount.	✓	✓	✓	✓	Minimal cost impact	✓	✓	✓
Opportunity 10. Strengthen requirements for communication in the disconnection process.	✓	✓	✓	✓	Minimal cost impact	✓	Retailers likely to apply some requirements inconsistently	✓
Opportunity 11. Strengthen the principle that disconnection is a last resort option, including introducing financial penalties for retailers who fail to uphold the principle.	✓	✓	✓	✓	Minimal cost impact	✓	Requires government to progress legislative change	✓
Opportunity 12. Ban reconnection fees for customers experiencing payment difficulty.	✓	✓	✓	Risk retailers pass costs onto customers	Moderate cost impact	✓	✓	✓
Opportunity 13. Consider alternatives to disconnection to manage risk in the energy market.	✓	✓	✓	✓	✓	✓	Requires government to progress broad reform	Unknown without further consideration of alternatives

Illustrative journey in the current framework



Illustrative journey with opportunities implemented

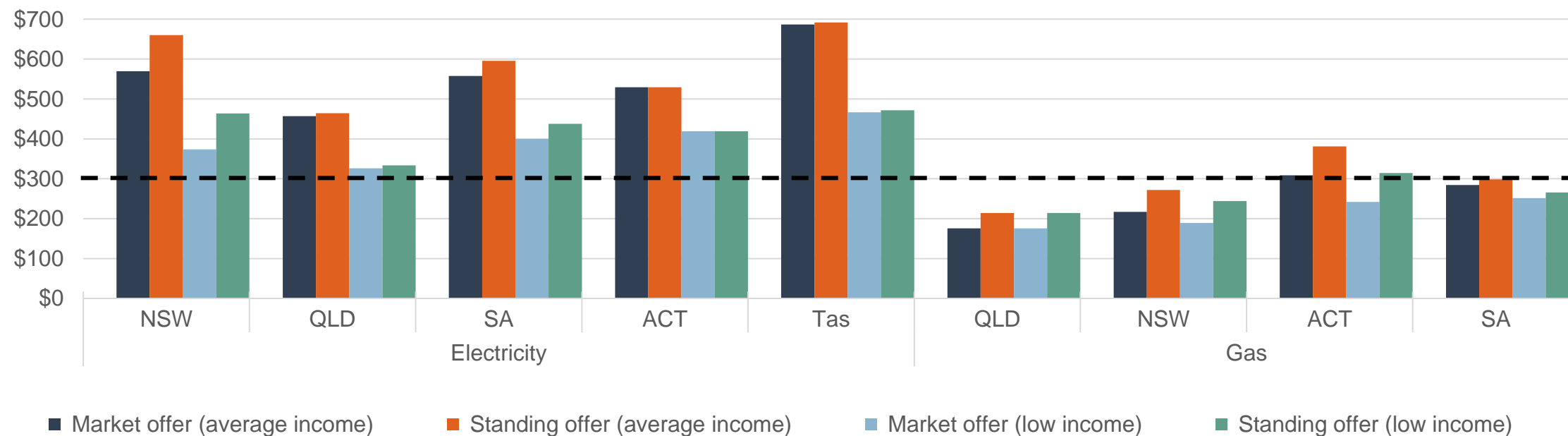


Increasing the minimum disconnection amount

Opportunity 9

The amount has not kept pace with energy costs

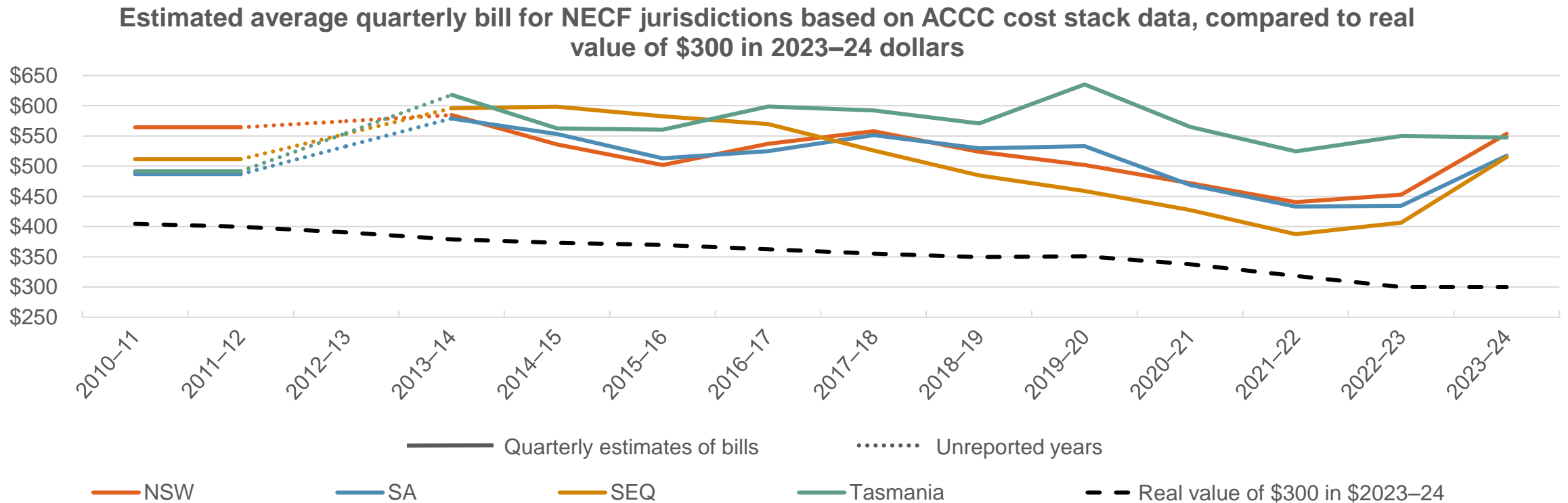
Estimated quarterly average energy costs by fuel type in NECF states



Note: Annual estimates divided by 4 to estimate quarterly bills. Based on offers for residential customers in each jurisdiction using mean of the region. Average household consumption for the year ending June of each period was used in annual bill calculations.

Source: AER, [Annual Retail Market Report 2023–24 – Charts and Data](#), 2 December 2024, Sheet: 'Fig 2.21' (Figure 2.21: Electricity costs for average and low-income households on a median market and standing offer), 'Fig 2.26' (Figure 2.26: Gas costs for average and low-income households on a median market and standing offer). Original data source: Offer data from Energy Made Easy and Victorian Energy Compare. Consumption estimates based on Economic Benchmarking RINs.

The gap between the amount and quarterly electricity costs has increased significantly



Note: Annual estimates divided by 4 to estimate quarterly bills. Unreported years are calculated using linear estimates. CPI changes are taken from ACCC's CPI table. All figures are GST inclusive.

Source: AER analysis of data in [Appendix C – Supplementary spreadsheet with retail pricing data, cost stack data and charts – Inquiry into the National Electricity Market report – December 2024](#), Sheet: 'NEM \$customer'.

We propose to increase the amount to \$500

We consider this amount appropriately balances the interests of customers and the costs and risks faced by retailers because ...



The minimum disconnection amount is between \$115 and \$154 lower in real terms than when it was introduced in 2012, due to inflation.



It is no longer reflective of an estimated quarterly electricity bill.



For gas, the minimum disconnection amount is lower than the average quarterly gas bill for some customers on standing offers.



Many more households rely on electricity than gas, and there are benefits of a nationally consistent amount for both gas and electricity.



Behavioural evidence suggests that using a simple amount would be more effective than using a more precise amount.



Aligning the minimum disconnection amount with the existing debt at disconnection reporting categories will simplify implementation, compliance monitoring and reporting.



Currently, the lowest debt at disconnection category in the Retail Performance Reporting Guidelines is less than \$500.



The risk of unintended consequences can be mitigated through better engagement.

Consultation closes on Wednesday 18 June

1

What are your views on how we have considered evidence on inflation and energy costs?

2

What other evidence or analysis should we consider in making our decision?

3

How does monthly billing impact the minimum disconnection amount?

4

How will aligning the amount with existing performance reporting obligations impact retailers?

5

How long would retailers need to implement the new amount with least cost?

6

How should the AER determine when to review the minimum disconnection amount in future?
E.g. periodically, indexation, or other

Email submissions to ConsumerPolicy@aer.gov.au

Questions?

Thank you

If you have any questions or feedback related to this review or the draft minimum disconnection amount decision, please contact the Consumer Policy team at:

ConsumerPolicy@aer.gov.au

Or, if you would like to discuss, book a meeting with us at the link below:

