

Review of the minimum disconnection amount

Final decision

August 2025

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Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
Email: aerinquiry@aer.gov.au
Tel: 1300 585 165

AER reference: 18439495

1 Overview

Under rule 116(1)(g) of the National Energy Retail Rules (Retail Rules), the AER sets the minimum amount that must be outstanding before a customer can be disconnected for non-payment of a bill (the minimum disconnection amount), provided that the customer has agreed with their retailer to repay the amount. Since 2012, the minimum disconnection amount has been \$300 (including GST).

Following our [Review of payment difficulty protections in the National Energy Customer Framework \(NECF\)](#), we have decided to increase the minimum disconnection amount. After consulting on a draft decision, the AER has made a final decision to increase the minimum disconnection amount to **\$500** (including GST) for both gas and electricity, effective from **1 July 2026**. We consider that this amount appropriately balances stronger payment difficulty protections for all customers with minimising the risk of unmanageable debt, because:

- the minimum disconnection amount is a minimum protection for all customers
- \$500 is reflective of an average quarterly electricity bill, which is still an appropriate benchmark to ensure that there is sufficient incentive and opportunity for retailers to engage before disconnection and for customers to respond to that engagement
- it is easy for customers and customer-facing staff to remember, which will support awareness of and access to this important protection.

While some stakeholders argued against increasing the amount, we think the amount should be increased to reduce the risk of consumer harm from disconnection, given changes in electricity costs and inflation since the amount was set in 2012. Other stakeholders advocated for a higher amount to better reflect the circumstances of customers experiencing payment difficulty. However, our view is that the amount is intended as a minimum protection for all customers. Customers experiencing payment difficulty and hardship have more targeted protections in the National Energy Retail Law (Retail Law) and the Retail Rules.

Given these other protections, we consider that implementing this minimum protection in a way that is targeted specifically at customers experiencing payment difficulty and hardship would unjustifiably increase the risk of higher debt levels and result in higher costs for all customers. Through our Review of payment difficulty protections in the NECF, we have advocated for broader changes to strengthen engagement obligations, assistance standards and disconnection protections. We think these changes would more appropriately improve targeted protections for customers experiencing payment difficulty.

As we continue to advocate for these improvements to the framework, there are existing opportunities for retailers to better ensure that customers experiencing payment difficulty are accessing assistance and avoiding disconnection. We have estimated from our 2023–24 retail performance data that there are approximately 75,000 households who are in energy debt but are not receiving any assistance from their retailer. We call on retailers to do more to close this assistance gap, including through more proactive and effective engagement. We will monitor relevant data, including the assistance gap, debt levels and disconnection rates, to determine when to review the minimum disconnection amount in future.

2 Background

The minimum disconnection amount is one of a range of consumer protections in the NECF to assist customers who may be struggling to pay their energy bills. The minimum disconnection amount provides a minimum level of disconnection protection to all energy customers in the NECF, which applies in the ACT, NSW, Queensland, South Australia and Tasmania. Under rule 116(1)(g) of the Retail Rules, the AER sets the minimum amount that must be outstanding before a customer can be disconnected for non-payment of a bill, provided that the customer has agreed with their retailer to repay the amount. This amount is currently \$300 (including GST) and has been in place since the NECF was introduced in 2012.¹ The amount was last reviewed by the AER in 2017.²

In October 2022, our Towards energy equity strategy committed to review the consumer energy debt threshold for disconnection.³

In 2024, through our Review of payment difficulty protections in the NECF, we consulted on the effectiveness of the minimum disconnection amount, including how it operates in practice, the appropriateness of the current amount, and any unintended consequences.⁴

On 15 May 2025, we published our findings from this review, which identified an opportunity to strengthen minimum disconnection protections by increasing the minimum disconnection amount.⁵ Our findings also recommended complementary rule changes to strengthen minimum disconnection protections, including by amending the Retail Rules to ensure the minimum disconnection amount protects customers regardless of whether they have explicitly agreed to repay the amount.

On 15 May 2025, we published a draft decision proposing to increase the minimum disconnection amount to \$500 (including GST) on the basis that:

- the amount should be increased to better align with the current cost of a quarterly bill, with \$500 reflecting a midpoint in the current range of estimated quarterly electricity bills
- an amount of \$500 would support implementation, as a round number would be simple for both customers and retailer staff to remember and \$500 aligns with the existing debt at disconnection reporting categories in the retail performance reporting framework
- the risk of unintended consequences associated with an increase to \$500 can be mitigated through better retailer engagement.⁶

¹ AER, [AER approval of minimum amount owing for disconnection](#), 5 April 2012.

² AER, [Review of the minimum disconnection amount: Final decision](#), March 2017.

³ AER, [Towards energy equity – a strategy for a more inclusive energy market](#), October 2022.

⁴ AER, [Review of payment difficulty protections in the NECF: Issues paper](#), May 2024.

⁵ AER, [Review of payment difficulty protections in the NECF: Findings report](#), May 2025.

⁶ AER, [Review of the minimum disconnection amount: Draft decision](#), May 2025.

In proposing this draft amount, we considered:

- the long-standing principle that customers should not be disconnected for being one quarterly bill behind
- changes in the broader context of the energy market, including inflation, energy prices and estimated quarterly electricity costs
- implementation considerations, including the impact on retailer costs, customer awareness and engagement, and ongoing monitoring and compliance.

We also noted that the minimum disconnection amount should remain relevant and appropriate over time.

In consultation on the draft decision, we asked for feedback on:

- our analysis of available evidence on inflation and energy costs, including what other evidence or analysis we should consider in making our decision
- implementation considerations, including the impact of monthly billing, the benefits of aligning the amount with existing retail performance reporting obligations and how much time would be required to allow retailers to implement the new amount with least cost
- how we should determine when to review the amount in future, including options to review the amount periodically or in response to changes in indexation.

Consultation on the draft decision closed on 18 June 2025. We received 16 submissions in response to the draft decision, including 7 late submissions and 2 informal (verbal) submissions. Submissions are published on [our website](#).

We also discussed the draft decision with stakeholders at a public forum on 11 June 2025. The slides from this forum are available on [our website](#).

The Essential Services Commission of Victoria (ESCV) has also proposed to increase the Victorian minimum debt amount for disconnection to \$500 as part of its review of the Energy Retail Code of Practice.⁷ Their consultation process closed on 26 June 2025. We understand that the ESCV will be making a final decision on this proposed reform in September 2025.

⁷ Essential Services Commission of Victoria, [Energy consumer reforms: Regulatory impact statement](#), May 2025, pp 44–46.

3 Summary of stakeholder feedback

Stakeholders generally agreed with our analysis of inflation and energy costs. However, some stakeholders suggested referring to additional data, including average debt, average hardship debt, the real wage index, the household expenditure measure, energy costs for electric-only homes or customers on different tariffs, and customer payment rates.⁸ We conducted additional analysis on relevant data where available and considered this analysis when making our final decision. However, we did not have access to some of the suggested data sources (for example, customer payment rates or energy costs for electric-only homes or customers on different tariffs).

Some stakeholders provided feedback on the principles underpinning the draft decision. In response, we conducted further analysis and have updated the principles applied to this final decision, as set out in the next section.

Overall, 2 stakeholders did not support increasing the amount at all,⁹ 8 stakeholders supported the proposed increase to \$500,¹⁰ and 15 stakeholders supported the increase in principle but suggested a different amount or approach.¹¹

For example, some stakeholders suggested increasing the amount to reflect 2 average quarterly bills or average debt levels instead (noting differences in energy usage and costs for customers experiencing vulnerability, as well as the impact of electrification on energy costs over time) or setting the amount based on the probability of repayment with reference to retailer data on customer payment rates.¹² Other stakeholders suggested specifying a minimum number of bills (rather than a minimum dollar value) or taking a differentiated approach (for example, \$300 for customers on monthly billing and \$500 for customers on quarterly billing or \$300 for gas customers and \$500 for electricity customers).¹³

In relation to implementation, consumer stakeholders suggested that implementation timeframes should be minimal, while some retailers advised they would require between 8 weeks and 8 months to make necessary updates to systems, processes, customer

⁸ AGL, [Submission to draft decision](#), June 2025, p 1; Consumer Action Law Centre (CALC) and First Nations Clean Energy Network (FNCEN), [Joint submission to draft decision](#), June 2025, p 8; Financial Counselling Australia (FCA), [Submission to draft decision](#), June 2025, p 2; Justice and Equity Centre et al. (JEC et al.), [Joint submission to draft decision](#), June 2025, p 9.

⁹ Alinta Energy, [Submission to draft decision](#), June 2025, p 2; Origin Energy, [Submission to draft decision](#), June 2025, p 1.

¹⁰ AGL, [Submission](#), June 2025, p 1; Energy Australia, [Submission to draft decision](#), June 2025, p 1; Energy Consumers Australia (ECA), [Submission to draft decision](#), June 2025, p 2; Energy and Water Ombudsman of NSW, Energy and Water Ombudsman of Queensland and Energy and Water Ombudsman of SA (EWON, EWOQ and EWOSA), [Joint submission to draft decision](#), June 2025, p 1; FNCEN, [Submission to draft decision](#), May 2025, p 2; Powershop, [Submission to draft decision](#), June 2025, p 1.

¹¹ Australian Council of Social Service (ACOSS), [Submission to draft decision](#), June 2025, p1; ACT Council of Social Service (ACTCOSS), [Submission to draft decision](#), June 2025, p 1; Altogether Group, [Submission to draft decision](#), May 2025, pp 4–5; CALC and FNCEN, [Joint submission](#), June 2025, p 8; FCA, [Submission](#), June 2025, p 1; JEC et al., [Joint submission](#), June 2025, p 2.

¹² AGL, [Submission](#), June 2025, p 4; FCA, [Submission](#), June 2025, p 2; JEC et al., [Joint submission](#), June 2025, pp 2, 9.

¹³ Altogether group, [Submission](#), May 2025, pp 1, 5; Verbal feedback.

communications and credit management policies.¹⁴ Retailers also recommended harmonising both the amount and the implementation date with the ESCV to minimise retailer implementation costs and reduce regulatory complexity.¹⁵

Most stakeholders support the AER referring to relevant data when determining when to review the amount in future. While some retailers suggested a periodic review (for example, every 3 to 5 years),¹⁶ other stakeholders suggested that reviews should be initiated according to data such as retail performance reporting metrics,¹⁷ changes in electricity prices (including changes to the Default Market Offer or DMO)¹⁸ or broader economic markers like inflation and the real wage index.¹⁹ There was no support for an approach that would automatically index the amount.²⁰

We received some feedback that is out of scope of the review and the AER's authority, including recommendations that the NECF should include a principle that no consumer is left behind and that the AER should introduce a consumer duty and ban disconnections.²¹ We [continue to advocate](#) for a consumer duty and for government to consider alternatives to disconnection to manage the risk of customer non-payment in the energy market through our engagement with the [Better Energy Customer Experiences reform program](#).

The First Nations Clean Energy Network (FNCEN) recommended extending the minimum disconnection amount to cover prepayment and card operated meters, and suggested that the AER advocate for and coordinate broader efforts to ensure equivalent protections for customers on these meters.²² These customers currently fall outside our regulatory remit as a result of jurisdictional derogations.²³ However, we recognise there is a growing body of evidence on gaps in protections and outcomes for these customers.²⁴ We support the Commonwealth Department of Climate Change, Energy, the Environment and Water's consideration of extending regulatory protections to these customers through its [First Nations Clean Energy Strategy 2024–2030](#). We also support Energy Ministers' strategic priority to ensure all Australians, including regional, remote and First Nations communities, are empowered and supported to benefit from the energy transition.²⁵

¹⁴ Alinta Energy, [Submission](#), June 2025, p 2; CALC and FNCEN, [Joint submission](#), June 2025, p 9; Origin Energy, [Submission](#), June 2025, p 1; Powershop, [Submission](#), June 2025, p 1.

¹⁵ AGL, [Submission](#), June 2025, p 6.

¹⁶ Energy Australia, [Submission](#), June 2025, p 2; Powershop, [Submission](#), June 2025, p 2; Verbal feedback.

¹⁷ AGL, [Submission](#), June 2025, p 5.

¹⁸ ACOSS, [Submission](#), June 2025, p 2; CALC and FNCEN, [Joint submission](#), June 2025, pp 9–10; EWON, EWOQ and EWOSA, [Joint submission](#), June 2025, p 2; JEC et al., [Joint submission](#), June 2025, p 13.

¹⁹ CALC and FNCEN, [Joint submission](#), June 2025, p 9; ECA, [Submission](#), June 2025, p 7.

²⁰ AGL, [Submission](#), June 2025, p 1; EWON, EWOQ and EWOSA, [Joint submission](#), June 2025, p 2; Origin Energy, [Submission](#), June 2025, p 1.

²¹ ACOSS, [Submission](#), June 2025, p 2; CALC and FNCEN, [Joint submission](#), June 2025, p 7; ECA, [Submission](#), June 2025, p 7; JEC et al., [Joint submission](#), June 2025, p 6.

²² FNCEN, [Submission](#), May 2025, p 2.

²³ AER, [Review of payment difficulty protections in the NECF: Issues paper](#), May 2024, p 8.

²⁴ See, for example, LV White, B Riley, S Wilson, F Markham, L O'Neill, M Klerck and VN Davis, 'Geographies of regulatory disparity underlying Australia's energy transition', *Nature Energy*, 9, 2024, p 92–105.

²⁵ Energy and Climate Change Ministerial Council, [Meeting communique](#), 15 August 2025, p 1.

4 Final decision

Following consultation and additional analysis, we have made a final decision to increase the minimum disconnection amount to \$500 (including GST), with an effective date of 1 July 2026. In response to stakeholder feedback, the final decision has been guided by updated principles as set out below. We will monitor relevant data, including annual performance reporting data, and will consider reviewing the amount in future where we see evidence that the amount may no longer be appropriate.

4.1 Updated principles for this decision

The AER relies on a set of principles when setting the minimum disconnection amount. In the draft decision, we considered the following principles when determining the proposed increase to \$500 (including GST):

- Disconnection should be a last resort.
- Customers should not be disconnected for being one quarterly bill behind.
- There are benefits to a nationally consistent amount for gas and electricity.

We received feedback from a broad range of stakeholders that some of these principles are no longer fit for purpose. In response, we have updated and clarified the principles we use to determine the minimum disconnection amount. The updated principles are:

- Disconnection should be a last resort for customers experiencing payment difficulty.
- The minimum disconnection amount is a minimum protection for all customers.
- The minimum disconnection amount should provide sufficient incentive for retailers to engage with customers before disconnection and sufficient opportunity for customers to respond to that engagement.
- There are benefits to a nationally consistent amount for gas and electricity.
- The amount should be easy for customers and customer-facing staff to remember.

4.2 How these principles informed our decision

Based on these principles, we have determined to increase the minimum disconnection amount to \$500 (including GST) from 1 July 2026 because:

- the minimum disconnection amount is a minimum protection for all customers – there are more targeted protections to ensure disconnection is a last resort for customers experiencing payment difficulty
- \$500 is reflective of an average quarterly electricity bill, which is still an appropriate benchmark to ensure that there is sufficient incentive and opportunity for retailers to engage before disconnection and for customers to respond to that engagement
- it is easy for customers and customer-facing staff to remember, which will support awareness of and access to this important protection.

The minimum disconnection amount is a protection for all customers

In consultation on the draft decision, we heard different views on the purpose of the minimum disconnection amount. For example, consumer groups suggested that it should reflect the principle that disconnection is truly a last resort and remove any unnecessary risk that disconnection may be pursued other than as a last resort.²⁶ They also stated the amount should protect as many people as possible by capturing outliers²⁷ and should reflect the bills of people who experience payment difficulty and are currently at risk of disconnection.²⁸

In contrast, Energy Australia suggested that the minimum disconnection amount is broader than a consumer protection, as it provides a potential negative outcome that the customer is incentivised to avoid.²⁹ AGL suggested that the minimum disconnection amount has a role in ensuring that customer debt levels do not increase to unsustainable or unmanageable levels.³⁰ In addition to the impact on individual customer debts, Alinta noted the minimum disconnection amount has a direct impact on the level of bad and doubtful debts carried by retailers, which is ultimately absorbed by the broader customer base.³¹

Some retailers provided feedback that disconnection and disconnection warning notices prompt customers to engage with their retailer.³² Origin Energy noted they observed a material decline in engagement when disconnection was paused during the Covid pandemic and that disconnection acts as a critical trigger for customers to respond and seek help.³³ AGL suggested that increasing the minimum disconnection amount would not only delay engagement at the disconnection warning notice stage but may also mean customers are less likely to engage when they do receive a disconnection warning notice, as they will be less able to afford the higher debt at that time. In making this point, AGL referred to internal data on the impact of increasing their own disconnection threshold in July 2024 on customer payment rates, debt balances at the disconnection warning notice stage and age of debt.³⁴

Our retail performance reporting data does not show an overall increase in average 90-day non-hardship debt for this retailer relative to other large retailers since June 2024. However, we acknowledge that there is a risk of potential unintended consequences from increasing the minimum disconnection amount. While consumer stakeholders suggested that ongoing debt has a lesser harm impact on individual consumers than disconnection,³⁵ we note that higher debt levels pose a risk to consumers more broadly due to higher retailer costs, which are ultimately passed on to customers. For example, bad and doubtful debt costs accounted

²⁶ ACOSS, [Submission](#), June 2025, p 1; CALC and FNCEN, [Joint submission](#), June 2025, p 4; ECA, [Submission](#), June 2025, p 4; JEC et al., [Joint submission](#), June 2025, p 10.

²⁷ JEC et al., [Joint submission](#), June 2025, p 10.

²⁸ ACOSS, [Submission](#), June 2025, p 2; FCA, [Submission](#), June 2025, p 2; JEC et al., [Joint submission](#), June 2025, pp 2, 11.

²⁹ Energy Australia, [Submission](#), June 2025, p 2.

³⁰ AGL, [Submission](#), June 2025, p 4.

³¹ Alinta Energy, [Submission](#), June 2025, p 1.

³² AGL, [Submission](#), June 2025, p 4; Alinta Energy, [Submission](#), June 2025, p 2; Origin Energy, [Submission](#), June 2025, p 1.

³³ Origin Energy, [Submission](#), June 2025, p 1.

³⁴ AGL, [Submission](#), June 2025, p 4.

³⁵ JEC et al., [Joint submission](#), June 2025, p 11.

for between \$38.99 to \$43.60 per residential customer and \$50.39 to \$88.53 per small business customer in the 2025–26 DMO (depending on region).³⁶ In 2022, EY Port Jackson Partners estimated that energy customer debt costs retailers \$188 million every year (including \$152 million in bad debt and \$36 million in debt recovery costs), accounting for 26% of the total cost of consumer vulnerability in the energy system.³⁷ In making our final decision, we have considered how to ensure the risk of higher debt costs for all customers is proportionate to the benefits of stronger disconnection protections for all customers.

We agree with consumer stakeholders that the minimum disconnection amount should be increased to reduce the risk of consumer harm from disconnection.³⁸ The new minimum disconnection amount of \$500 represents an almost 70% increase from the current level. We also agree with stakeholders who emphasised that disconnection should be a last resort for customers experiencing payment difficulty. However, we consider the minimum disconnection amount to be a minimum protection for all customers. It is not primarily intended to protect customers experiencing payment difficulty, who have more targeted protections under the Retail Law and Retail Rules. Implementing this minimum protection for all customers in a way that is targeted specifically at customers experiencing payment difficulty would unjustifiably increase the risk of higher costs for all customers.

While the ACT Council of Social Services (ACTCOSS) advocated for a higher amount, it also emphasised that payment difficulty is often not a short-term issue that can be resolved by delaying disconnection through a disconnection threshold and instead requires more comprehensive and tailored protections to ensure equitable access to essential energy services over the long term.³⁹ Other stakeholders, who supported the proposed increase to \$500, emphasised the importance of ensuring it is accompanied by early, proactive and tailored engagement and assistance, as well as reduced barriers to reconnection.⁴⁰ In addition, some stakeholders emphasised that the minimum disconnection amount should apply to all consumers, not just those who have agreed to repay their debt.⁴¹ We agree.

Following our Review of payment difficulty protections in the NECF, we have advocated for broader changes to improve the coverage and effectiveness of payment difficulty protections, including by:

- making it easier to know who should be receiving assistance by introducing a single, consistent definition for customers experiencing payment difficulty
- making it easier for customers to know what assistance is available by requiring retailers to proactively engage with customers in response to an objective trigger, take steps to engage with customers in ways that meet their needs and provide generally available information about assistance that is easy to access and understand

³⁶ AER, [2025–26 Default market offer prices: Final determination](#), May 2025, p 65.

³⁷ AER and EY Port Jackson Partners (EY PJP), [Consumer vulnerability: A case for change](#), Australian Energy Regulator, 24 March 2022, p 59.

³⁸ JEC et al., [Joint submission](#), June 2025, pp 3, 11.

³⁹ ACTCOSS, [Submission](#), June 2025, p 1.

⁴⁰ ECA, [Submission](#), June 2025, p. 2; EWON, EWOQ and EWOSA, [Joint submission](#), June 2025, p 1.

⁴¹ ACOSS, [Submission](#), June 2025, p 2; JEC et al., [Joint submission](#), June 2025, p 12.

- making it easier for customers to access assistance by banning retailers from requiring proof of circumstances to access payment difficulty assistance and by introducing minimum assistance for all customers
- making assistance more effective by strengthening protections to make payment plans more affordable and introducing minimum assistance (including assistance to lower energy costs) for customers experiencing payment difficulty
- making sure disconnection is only used as a last resort by strengthening requirements for communication in the disconnection process, strengthening minimum disconnection protections and introducing financial penalties for retailers who fail to ensure disconnection is a last resort option for customers experiencing payment difficulty
- reducing the harm of disconnection by banning reconnection fees for customers experiencing payment difficulty.⁴²

We have also recommended that government consider alternatives to disconnection to manage the risk of customer non-payment in the sector, and [wrote to Energy Ministers](#) in May 2025 to advocate for these changes. We think these changes would more appropriately improve protections for customers experiencing payment difficulty than increasing the minimum disconnection amount above \$500 (including GST) at this stage.

A quarterly electricity bill remains an appropriate benchmark to ensure incentive and opportunity for engagement

In our draft decision, we referred to the longstanding principle that customers should not be disconnected for being one quarterly bill behind. In consultation, some stakeholders raised questions about the relevance of this principle.⁴³ For example, some consumer stakeholders suggested that this principle should instead be aligned with an amount higher than one quarterly bill or the bills of customers in payment difficulty and at risk of disconnection.⁴⁴ ACTCOSS suggested that the amount should be set at a level that allows time for households to stabilise and recover.⁴⁵ Although FNCEN supported the proposed increase to \$500, they noted that averages can obscure structural inequities and suggested tiered hardship engagement obligations to reflect higher disconnection risks for some customers.⁴⁶

Energy Australia agreed that the new amount would better reflect the current energy market and economic circumstances and that we had taken a reasonable and replicable approach to determining an amount that is reflective of a quarterly electricity bill.⁴⁷ Powershop also supported the approach of referring to estimated quarterly bills and highlighted the benefits of a consistent methodology to provide certainty to consumers and retailers, but noted the AER should consider the implications of the emerging norm of monthly billing when assessing the

⁴² AER, [Review of payment difficulty protections in the NECF: Letter to Energy Ministers](#), May 2025, pp 1–2.

⁴³ AGL, [Submission](#), June 2025, pp 1, 3; FNCEN, [Submission](#), May 2025, p 1; JEC et al., [Joint submission](#), June 2025, pp 9–12.

⁴⁴ ACOS, [Submission](#), June 2025, p. 2; JEC et al., [Joint submission](#), June 2025, pp. 10–11.

⁴⁵ ACTCOSS, [Submission](#), June 2025, p 1.

⁴⁶ FNCEN, [Submission](#), May 2025, p 2.

⁴⁷ Energy Australia, [Submission](#), June 2025, p 1.

amount in future.⁴⁸ Some other retailers suggested that relying on a quarterly estimate undermines more proactive approaches enabled by smart meters and monthly billing cycles⁴⁹ and may increase the risk of disconnection for customers on monthly billing.⁵⁰

In response to this feedback, we have clarified this principle with reference to its underlying rationale, which is that the amount should be set at a level that will allow for sufficient incentive and opportunity for retailers to engage and customers to respond to that engagement before disconnection. This clarification builds on the outcomes of our Review of payment difficulty protections in the NECF, which:

- found that increasing the minimum disconnection amount would better incentivise retailers to engage more effectively with customers before disconnection
- identified the range of barriers that customers can face to engaging with their retailer, including inconsistency in the quality of retailer engagement
- recommended changes to the Retail Rules that would significantly improve the quality of retailer engagement before disconnection and ensure more consistent communication in the disconnection process, for example by ensuring that all disconnection warning notices include clear and actionable information about assistance.

At this stage, we still consider that an estimated quarterly electricity bill is an appropriate benchmark to ensure the minimum disconnection amount provides sufficient incentive and opportunity for engagement, as part of a broader framework that includes targeted protections for customers experiencing payment difficulty. However, we recognise that the most appropriate benchmark may change as new energy services and different billing frequencies become more common. Updating this principle to reflect the underlying rationale associated with the current benchmark will better assist us to determine an appropriate benchmark and minimum disconnection amount in future.

For now, quarterly billing cycles are still standard practice – for example, research undertaken by Finto on behalf of the AER in 2024 found that 59% of customers currently receive bills on a quarterly basis, compared to 37% of customers receiving bills on a monthly basis.⁵¹ We expect the proportion of customers on monthly billing cycles to increase over time as smart meters become standard. In the meantime, the new minimum disconnection amount better supports the updated principle for customers on both quarterly and monthly billing cycles.

Customers on quarterly billing will benefit from increased retailer incentive to engage before the customer reaches the minimum disconnection amount, due to the increased risk of not doing so – and, hopefully, supported by uplifts in engagement standards as a result of our proposed changes to the Retail Rules.⁵² Customers on monthly billing will also benefit from increased engagement as they are more likely to receive multiple bills before reaching the minimum disconnection amount. While AGL suggested this may increase a customer's risk

⁴⁸ Powershop, [Submission](#), p 1.

⁴⁹ Altogether Group, [Submission](#), May 2025, p 2; Energy Australia, [Submission](#), June 2025, p 1.

⁵⁰ AGL, [Submission](#), June 2025, pp 1–5.

⁵¹ Finto, [AER: Methods of payment research](#), November 2024, p 33.

⁵² AER, [Review of payment difficulty protections in the NECF: Findings report](#), May 2025, p 2.

of disconnection because they may pay less attention to a subsequent disconnection warning notice following multiple bill notices,⁵³ we think this risk can be mitigated through effective engagement and well-designed notices that leverage behavioural science to make it as easy as possible for customers to understand notices.

There are benefits to a consistent amount

Stakeholders generally support referring to electricity costs when determining the amount. For example, ACTCOSS highlighted that gas costs will be consolidated into electricity bills due to electrification.⁵⁴ Energy Australia noted that there is greater seasonal variation in gas bills and using the same figure for gas and electricity reduces confusion, supports customer awareness of their rights and simplifies implementation.⁵⁵

One retailer raised concerns about the impact of the increase on gas customers in specific circumstances and suggested setting different amounts for gas and electricity.⁵⁶ However, the specific concern raised appears to impact a very small number of customers and may be better addressed through more effective engagement. Similarly, another retailer suggested setting different amounts for customers on monthly and quarterly billing.⁵⁷

We consider that a single figure for all customers is appropriate. The Retail Rules refer to the AER setting a single minimum disconnection amount that is a dollar value, based on the amount outstanding (which may have been incurred across more than one billing cycle). A single amount will simplify implementation and make it easier for customers and customer-facing staff to remember and understand, which will better ensure customers benefit from this protection.

It is easy for customers and customer-facing staff to remember

In addition to the benefits of a single amount, our draft decision highlighted behavioural evidence that round numbers are more likely to be perceived and recalled accurately. AGL suggested that it is not relevant to consider this because consumers are unlikely to have any interest in recalling the minimum disconnection amount or receive any benefit from doing so.⁵⁸ However, we believe that ensuring customers and staff can easily understand and recall customer rights will increase awareness of those rights and support customers to access them when needed. We will continue to consider the benefits of a simple number when considering future changes.

⁵³ AGL, [Submission](#), June 2025, p 5.

⁵⁴ ACTCOSS, [Submission](#), June 2025, p 1.

⁵⁵ Energy Australia, [Submission](#), June 2025, pp 1–2.

⁵⁶ Verbal feedback.

⁵⁷ Altogether group, [Submission](#), May 2025, pp 1, 5.

⁵⁸ AGL, [Submission](#), June 2025, p 3.

4.3 We will monitor relevant data to determine when to review the amount in future

Many consumer stakeholders recommended that future reviews of the minimum disconnection amount be considered alongside the annual DMO determination.⁵⁹ For example, it was suggested that a formal review could be conducted if the DMO analysis indicated a significant rise in electricity prices and cost.⁶⁰ Other consumer stakeholders proposed reviews based on changes in other indicators such as energy debt levels, hardship program exit data, disconnection trends and broader economic markers such as inflation.⁶¹ Some retailer stakeholders supported periodic reviews.⁶² AGL opposed both periodic reviews and reviews triggered by inflation or annual price changes, instead proposing that reviews be triggered by clear evidence of affordability challenges in performance reporting data.⁶³

We will monitor relevant data and consider reviewing the amount in future where we see concerning trends or other evidence that the amount may no longer be appropriate, including material changes in the following indicators in our annual retail performance reporting data:

- The proportion of customers who are in energy debt and not currently on a retailer hardship program or payment plan, which is an indicator of the assistance gap⁶⁴
- Average debt levels for hardship and non-hardship customers
- Disconnection data, including disconnection rates, the number of customers being disconnected at different levels of debt and the average debt at disconnection

In monitoring this data, we will look for evidence of unintended consequences as well as evidence that retailers are not ensuring that disconnection is a last resort for customers experiencing payment difficulties due to hardship. We reiterate to retailers the importance of early and effective engagement with customers to uphold this principle in the Retail Law and reduce the risk of unmanageable debt.

Our [Customer engagement toolkit](#) provides guidance to retailers on better practices for identifying and supporting consumers experiencing vulnerability. Implementing the toolkit's better practice principles will support early and effective engagement with customers through a consumer-centric organisational culture, inclusive service design and delivery, and collaboration and innovation focused on improving consumer outcomes.

⁵⁹ ACOSS, [Submission](#), June 2025, p 2; CALC and FNCEN, [Joint submission](#), June 2025, p 9; FCA, [Submission](#), June 2025, p 2; JEC et al., [Joint submission](#), June 2025, pp 2, 13–14.

⁶⁰ EWON, EWOQ and EWOSA, [Joint submission](#), June 2025, p 2.

⁶¹ ECA, [Submission](#), June 2025, p 7.

⁶² Origin Energy, [Submission](#), June 2025, p 1; Powershop, [Submission](#), June 2025, p 2.

⁶³ AGL, [Submission](#), June 2025, pp 6–7.

⁶⁴ This 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, and comparing this to the proportion of electricity customers on hardship programs and the proportion of electricity customers on non-hardship payment plans. This calculation is based on the reasonable assumptions that the majority of hardship customers have energy debt and the majority of gas customers experiencing payment difficulty with their gas bills would also be experiencing payment difficulty with their electricity bills.