

17 June 2025

General Manager, Policy
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601



EnergyAustralia Pty Ltd
ABN 99 086 014 968

Level 19
Two Melbourne Quarter
697 Collins Street
Docklands Victoria 3008

Phone +61 3 8628 1000
Facsimile +61 3 8628 1050

enq@energyaustralia.com.au
energyaustralia.com.au

Submitted electronically: ConsumerPolicy@aer.gov.au

AER Review of the minimum disconnection amount – Draft decision

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts across eastern Australia, of which around 22k customers are supported under our hardship program (EnergyAssist). EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 5,000MW of generation capacity.

EnergyAustralia was recently ranked the number one retailer on the Australian East Coast in the 'Rank the Retailer' report, based on a 2025 survey of financial counsellors on the hardship practices of Australian energy retailers.¹

We appreciate the opportunity to provide feedback on the AER's Draft Decision in its review of the minimum disconnection amount. We agree that the proposed minimum disconnection amount of \$500 would better reflect the current energy market and economic circumstances. However, we consider that the purpose and utility of a minimum disconnection amount within the existing and future regulatory framework needs to be better considered by the AER in its discussion of when and how to revise this in future.

Energy Australia's views on the issues raised by the AER in its Draft Decision are set out below.

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

EnergyAustralia considers that the AER has taken a reasonable and replicable approach to determining a minimum disconnection amount which is reflective of an estimated quarterly electricity bill. Additionally, we agree that retaining the same figure for electricity and gas bills minimises confusion, supports customer awareness of their rights, and simplifies implementation.

We note that the proposed amount is lower than an average quarterly gas bill and consider that this is appropriate since gas billing is subject to much greater seasonal variance. A customer's quarterly gas bill in the summer months is likely to be

¹ [2025 Rank-the-Energy-Retailer Report.pdf](#), page 9.

significantly lower than a quarterly gas bill that takes in the winter months. Many retailers offer payment smoothing options which can help customers avoid large bill totals that are designed to address this seasonality, allowing customers to obtain a credit in advance of an expected higher billing period and reducing 'bill shock'. Alternately, repayment options can include an owed amount inside a forward-looking payment schedule to help customers cover the costs of their energy debt and future energy cost simultaneously.

How does monthly billing impact the minimum disconnection amount?

Monthly billing is only relevant to electricity customers, and only those with smart metering who have consented to monthly billing. Monthly billing is useful for customers to be aware of, and more effectively manage, their energy costs. However, ultimately monthly billing cycles do not interact with the minimum disconnection amount, since it approximates quarterly usage costs.

If the function of the minimum disconnection amount is to provide a potential negative outcome that the customer is incentivised to avoid through early engagement with their retailer, then, in combination with the principle that disconnection is a last-resort option, the minimum disconnection amount facilitates an environment in which both the retailer and customer are incentivised to work together to find an appropriate path forward in relation to the customers accrued debt.

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

EnergyAustralia does not consider that aligning the minimum disconnection threshold amount with existing performance reporting obligations represents any benefit to retailers; rather it is neutral since retailers must report on this data already. While it is preferable not to have to make changes to the reporting criteria, we consider that ensuring appropriate customer outcomes is of greater importance than technical reporting requirements.

The minimum disconnection amount should remain relevant and appropriate over time.

We agree that the minimum disconnection amount should remain relevant and appropriate over time. In an environment of change through the energy transition to Net Zero, energy prices are likely to continue to increase ahead of CPI.² We consider that it is important to minimise confusion and support customer awareness of their rights, which we believe would be best supported by a periodic review (i.e., once every 5 years) rather than through linking the minimum disconnection amount to annual CPI increases. This would ensure that customer experience is consistent and increase amounts are relevant and useful to customers. In addition, it would reduce the number of changes required to retailer systems, processes and collateral to reflect the updated amount.

Unintended consequences

We agree with the principle that disconnection should be a last resort for customers who are struggling to pay their bills and seek to uphold this in our engagement with customers who are experiencing payment difficulties. We consider the AER's thinking about the way accumulation of debt leads to consumer outcomes should be updated in the context of a payment difficulties framework which relies on early engagement with customers, and more broadly, a shift towards an outcomes-based regulatory approach.

While we do not object to an increase in the minimum disconnection amount, we also do not agree that increasing the amount a customer can accrue before any material

² Australian Bureau of Statistics (ABS), [Consumer Price Index](#), Australia, December Quarter 2024

consequence can be discussed drives stronger payment difficulty protections for all customers while minimising the risk of unmanageable debt.

The disconnection threshold was established under the principle that 'customers should not be disconnected for being one quarterly bill behind'. While this is an amount that can be objectively established, whether the necessary engagement or intervention occurs, or can occur, is the more important factor in terms of ensuring better consumer outcomes. The AER heard from consumer stakeholders that retailers are not engaging with customers experiencing payment difficulty as early or as effectively as they should.³ It is arguable that retailers are not able to effectively engage with customers because there is limited incentive or desire for a customer to respond to retailer efforts to engage with them, irrespective of the efforts being made.

The minimum disconnection amount offers a customer protection, but its overall function is broader than this. The minimum disconnection amount provides a potential negative outcome that the customer is incentivised to avoid, which encourages engagement with their retailer. This is important to consider within a broader regulatory shift to a focus on outcomes. A retailer would be held accountable for an accrued debt as a negative customer outcome. Often questions from Ombudsman services include 'why did the retailer not engage sooner', and frequently the answer is that until there was a consequence (i.e., potential for disconnection), efforts to engage were ignored by the customer. On this basis we prefer a framework that is geared towards earlier intervention and is supportive in nature. We consider that the future determination of any minimum disconnection amount should be considered within this broader debt mitigation ecosystem.

If you would like to discuss this submission, please contact me on [REDACTED] or [REDACTED]

Regards

Courtney Markham

Regulatory Affairs Lead

³ Review of the minimum disconnection amount – Draft decision, p7.