General Manager, Policy
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Thank you for the opportunity to provide input into the review of the minimum disconnection amount.

We strongly support raising the AER's minimum disconnection amount from $300. It is a long overdue step. However, increasing the threshold to $500 alone will not stop harmful or premature disconnections, particularly for people experiencing vulnerability.

Why $500 isn't enough:

- **Typical bills exceed the proposed amount:** The AER rightly acknowledges that energy disconnection should be a last resort, and should never occur due to the customer being one bill behind.[1] The AER's own data shows that estimated average quarterly electricity bills in NECF regions ranged from $457 to $550 for market offers and up to $691 for standing offers in 2023–24.[2] This means a household can still be disconnected after missing just one payment.
- **Most disconnections already occur above $500:** According to AER data between October 2023 – December 2024, only 9% of customer disconnections with debts involved amounts under $500.[3] Therefore lifting the minimum disconnection amount to $500 is unlikely to shift industry practice in a meaningful way.
- **Retailers continue to misuse disconnection threats:** A minimum threshold does not prevent the misuse of disconnection threats, which some retailers rely on as a default engagement tool despite the AER citing the harms and costs of this approach.[4] Nor does the minimum disconnection amount incentivise early, effective hardship support.

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[1] AER 2025, *Review of the minimum disconnection amount*, https://www.aer.gov.au/system/files/2025-05/AER%20Review%20of%20the%20minimum%20disconnection%20amount%20-%20Draft%20decision%20-%20May%202025.pdf
[2] Ibid.
[3] AER 2025, *Retail performance data*, Schedule 3, https://www.aer.gov.au/documents/schedule-3-quarter-2-2024-25-retail-performance-data
[4] AER 2025, *Review of payment difficulty protections in the National Energy Customer Framework Findings Report*, p. 12

Financial counsellors work with people every day who are trying to engage with their energy retailer - often while dealing with job loss, illness, or family violence. Many are disconnected not due to unwillingness to pay, but because retailers fail to support them. Disconnection means no heating, no refrigeration, no way to cook or bathe. It causes distress, worsens payment difficulty, and often leads to additional public and community costs - from emergency relief to health impacts.

Disconnection is not just harmful, it's inefficient. It rarely helps recover debt and often triggers a spiral of crisis that is more costly for government, retailers, and the community.

Our *Rank the Energy Retailer 2025* report (attached) highlights systemic gaps in hardship responses across the sector, and we urge the AER to consider its findings. Some retailers are doing better - others are still failing to meet basic standards. Stronger and nationally consistent regulation is needed to lift the bar.

In the light of these findings, we urge the AER to:

- **Set the minimum disconnection amount as high as possible**, linked to actual energy debt levels of households in hardship and increases in CPI.
- **Review the amount annually**, potentially aligned with Default Market Offer updates and real energy costs.
- **Investigate further regulatory responses** to address misuse of disconnection and poor retailer conduct, ensuring that retailers are offering early and effective hardship support.
- **Work with the Department of Climate Change, Energy, Environment and Water to introduce a nationally consistent, person-centred approach** to energy disconnections – including a constant energy connection guarantee for those experiencing disadvantage or vulnerability.

Thank you for your work to strengthen protections for households experiencing payment difficulty.

Sincerely,

Co-CEO
Dr Domenique Meyrick
Financial Counselling Australia