

18 June 2025

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

Submitted: via email ConsumerPolicy@aer.gov.au

## RE: Review of the minimum disconnection amount – Draft Decision – May 2025

### About Shell Energy in Australia

Shell Energy is an energy solutions business and renewables and battery energy storage system developer in Australia.

As the one of the largest electricity providers to commercial and industrial businesses in Australia<sup>1</sup>, Shell Energy offers integrated solutions and market-leading<sup>2</sup> customer satisfaction, innovation across a portfolio of electricity, gas, environmental products and energy productivity. Our residential energy retailing business Powershop, acquired in 2022, serves households and small business customers in Australia.

Our generation assets include 662 megawatts of gas-fired peaking power stations in Western Australia and Queensland, supporting the transition to renewables, and the 120-megawatt Gangarri solar energy development in Queensland. Shell Energy also operates the 60MW Riverina Storage System 1 in NSW, as well as the 200MW Rangebank Storage System and 370MW Koorangie Storage System both located in Victoria.

Shell Energy Australia Pty Ltd and its subsidiaries trade as Shell Energy, while Powershop Australia Pty Ltd trades as Powershop. Further information about Shell Energy and our operations can be found on our website here.

### General feedback on the proposed rule

Powershop welcomes the opportunity to provide feedback to the Australian Energy Regulator (AER) consultation on the proposal to increase the minimum disconnection amount. We support the intention to raise the minimum disconnection amount to \$500.

Powershop supports the AER's approach to review the minimum disconnection threshold in reference to the estimated quarterly bill amounts as it is a representative view of bills being incurred by small customers. We consider this is a better approach than using the Consumer Price Index (CPI) as changes in the electricity market price level may differ from changes in the general price level measured by the CPI. We also would encourage the AER to ensure long-term consistency of its approach and methodology to provide certainty to consumers and retailers.

As the accelerated smart meter roll out commences, a greater percentage of the market is expected to shift to monthly billing as smart meters enable a more regular billing cycle. This can be a good outcome for customers who may be struggling to meet their financial obligations as larger quarterly bills are broken down into smaller, more manageable, monthly increments. We believe that as monthly billing is more widely adopted across NECF jurisdictions, the minimum discount amount should consider the implications of this emerging norm on the methods it uses to assess minimum disconnection thresholds going forward.

Updating billing systems to accommodate for this change requires a series of developments that alter system trigger points and notices supplied to customers – and testing to ensure system reliability. A compliance date of

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<sup>1</sup>By load, based on Shell Energy analysis of publicly available data.

<sup>2</sup> Utility Market Intelligence (UMI) survey of large commercial and industrial electricity customers of major electricity retailers, including ERM Power (now known as Shell Energy) by independent research company NTF Group in 2011-2021

at least 8 weeks following the final decision is sufficient to implement this change. However, given the ESC in Victoria is currently considering the same change to disconnection amounts, to ensure a harmonisation between the two jurisdictions, it may be prudent to align the compliance timeline.

Given the expense and time needed to implement system changes to accommodate increases in the minimum disconnection threshold, Powershop supports periodically assessing the average quarterly bill for small customers when setting the minimum disconnection amount on a 3-5-year basis. This means this baseline would be reviewed as a matter of routine and ensure that retailers are reconfiguring billing systems for meaningful adjustments in the minimum disconnection amount. This approach avoids minor, incremental changes that impose unnecessary system update costs that do not deliver real benefits to at-risk consumers.

#### Comments on assisting customers in payment difficulties

Powershop recognises the cost-of-living pressures facing many energy consumers and acknowledges that supporting customers who may be facing payment difficulties is an important part of a retailer's role. While acknowledging the potential for improved customer protections, Powershop believes that reducing financial strain for energy consumers is influenced by a host of factors including broader cost-of-living relief measures, beyond the customer-energy retailer relationship and cannot be solved by energy retailers alone. In cases where customers cannot clear previous debt or afford current plans, and energy efficiency measures have not improved their capacity to pay, broader support may be necessary. Other parts of the energy sector, government, or additional support programs may be better suited to assist these customers, and further work should be undertaken to determine these benefits.

Powershop has robust mechanisms in place to engage with consumers facing financial difficulty and provide payment plans and tailored support to assist vulnerable customers. Our interests are aligned with consumers to minimise the accumulation of debt and ensure that customers can sustainably manage their energy use.

Powershop appreciates the AER's focus on protections for customers in payment difficulties, however, we encourage the AER to recognise more broadly that there are specific circumstances where disconnection is necessary as a last resort. This is primarily related to where daily charges are accumulating and an unidentified user does not engage, or where the site is vacant, or where a responsible account holder has charges accumulating and has not responded to a series of requests for engagement. In such circumstances it is reasonable that the accumulating loss borne by retailers can be abated, particularly as network charges continue to be levied and indeed retailers shoulder the credit risks of the entire supply chain.

Powershop welcomes further engagement on this topic. If you have any questions or would like further details relating to this submission, please contact Brett Crossley at [REDACTED]

Yours sincerely,

{signed}

Libby Hawker  
General Manager - Regulatory Affairs and Compliance