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# Rule change request

## Simplifying the eligibility framework for payment difficulty protections

### Proponent

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### Summary

The Australian Energy Regulator (AER) is proposing an amendment to the National Energy Retail Rules (Retail Rules) to simplify the eligibility framework for payment difficulty protections.

Our [Review of payment difficulty protections in the National Energy Customer Framework \(NECF\)](#) found that there is a persistent assistance gap which means some customers are missing out on help. The review identified an opportunity to address this gap by simplifying the eligibility framework for payment difficulty protections. We have [written to Energy Ministers](#) proposing amendments to the National Energy Retail Law (Retail Law) to achieve this objective.

We have also identified an interim measure to change the Retail Rules so that existing protections apply to customers experiencing payment difficulty regardless of whether they have self-identified or have been identified by their retailer. The proposed change would simplify the eligibility framework, reduce the onus on customers to self-identify as experiencing payment difficulty and make payment difficulty protections more consistent while legislative reform progresses.

We have consulted extensively and publicly on the nature of the problem and the proposal forming the basis of this rule change request through our payment difficulty review. The consultation process and outcomes are recorded in the published [findings report](#) and [consultation report](#), with stakeholder submissions and other outputs published on [our website](#).

Stakeholders (including retailers) agreed that the current eligibility framework is unnecessarily complex and that retailers should proactively identify and support customers experiencing payment difficulty, rather than relying exclusively on customers to explicitly self-identify in writing or by telephone. We did not receive any feedback, either in formal submissions or otherwise, suggesting that the current distinction in the Retail Rules between customers who self-identify or are proactively identified by their retailer is important to retailer processes. We therefore consider that this proposal represents a minor administrative amendment which better aligns with the original policy intent of the existing rules.

On this basis, we suggest that this rule change is non-controversial and could be progressed through an expedited rule change process. Alternatively, we recommend the AEMC consider whether this rule change could be fast-tracked under section 253 of the Retail Law.

## Description of the proposed rule change

We are proposing amendments to rules 33(1)(b) and 111(2) in the Retail Rules to align the language used in these rules with the language used in section 50(1)(b) of the Retail Law, which refers to circumstances where ‘the retailer otherwise believes the customer is experiencing repeated difficulties in paying the customer’s bill or requires payment assistance’. See Table 1 for specific proposed amendments to the Retail Rules.

**Table 1. Proposed amendments to the Retail Rules to align wording of rules 33(1)(b) and 111(2) with the wording in section 50(1)(b) of the Retail Law**

Rule	Current text	Proposed amended text (aligned with the Retail Law)
<b>33(1)(b) of the Retail Rules</b>	‘other residential customers experiencing payment difficulties if the customer informs the retailer in writing or by telephone that the customer is experiencing payment difficulties’	‘other residential customers experiencing payment difficulties if the customer informs the retailer in writing or by telephone that the customer is experiencing payment difficulties <i>or the retailer otherwise believes the customer is experiencing repeated difficulties in paying the customer’s bill or requires payment assistance</i> ’ [added text in italics]
<b>111(2) of the Retail Rules</b>	‘other residential customers experiencing payment difficulties if the customer informs the retailer in writing or by telephone that the customer is experiencing payment difficulties’	‘other residential customers experiencing payment difficulties if the customer informs the retailer in writing or by telephone that the customer is experiencing payment difficulties <i>or the retailer otherwise believes the customer is experiencing repeated difficulties in paying the customer’s bill or requires payment assistance</i> ’ [added text in italics]

## Statement of nature and scope of the issue

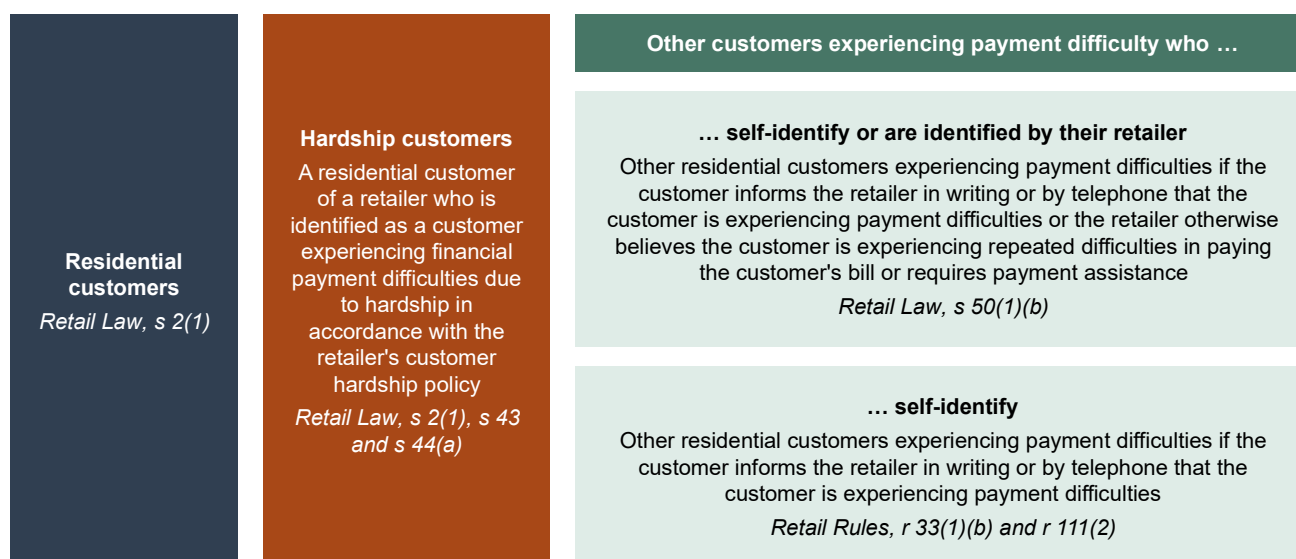
Our [Review payment difficulty protections in the NECF](#) has found that there is a persistent assistance gap for customers experiencing payment difficulty, with an estimated 1.1% of customers (or over 75,000 households) in energy debt but not receiving assistance from their retailer in 2023–24. In 2024–25, 1 out of every 3 customers in energy debt were not receiving retailer assistance in the form of a payment plan or hardship program.<sup>1</sup> This gap is driven in part by a complex eligibility framework.

Currently, the NECF has four levels of payment difficulty protections that depend on whether a customer is identified as a hardship customer or an ‘other’ residential customer experiencing payment difficulty and, if the latter, whether they self-identified or are identified by their retailer. This difference in protections for customers experiencing payment difficulty who self-identify or are identified by their retailer arises from differences in wording between the Retail Law and Retail Rules.

As illustrated in the green boxes in Figure 1 on the next page, section 50(1)(b) of the Retail Law refers to circumstances where ‘the retailer otherwise believes the customer is experiencing repeated difficulties in paying the customer’s bill or requires payment assistance’. However, references to ‘other’ residential customers experiencing payment difficulty in the Retail Rules do not include this text. The exclusion of this additional wording from rules 33(1)(b) and 111(2) of the Retail Rules creates a gap in protections for customers experiencing payment difficulty who are identified by their retailer, rather than self-identifying.

<sup>1</sup> AER, [Annual retail markets report 2024–25](#), December 2025, p 103.

**Figure 1. Summary of the current eligibility framework for payment difficulty protections in the NECF, showing differences in wording between the Retail Law and Retail Rules for ‘other’ customers experiencing payment difficulty**



## Alignment with energy objective and consumer protections test

The proposed rule change will contribute to achieving the National Energy Retail Objective by improving the price of energy services in the long-term interests of consumers of energy.

The change will better ensure customers experiencing payment difficulty are proactively identified, engaged early and supported appropriately with assistance that is tailored to their individual circumstances. This is in the long-term interests of all energy customers because proactively supporting customers experiencing payment difficulty can help reduce long-term customer debt and associated costs, which may be passed on to energy customers in the form of increased prices.

The proposed rule change also supports the development and application of consumer protections for small customers, including (but not limited to) protections relating to hardship customers. Specifically, it clarifies and simplifies the eligibility framework for payment difficulty protections to support the application of existing protections in rules 33, 72 and 111 of the Retail Rules.

## Potential impacts of proposed change

This rule change will have benefits for consumers, retailers and market bodies.

Aligning the wording in the Retail Rules with the Retail Law will ensure that customers experiencing payment difficulty receive the following protections, regardless of whether they self-identify as experiencing payment difficulty or are identified by their retailer as experiencing payment difficulty:

- Provisions in rule 33 that are intended to ensure:
  - customers identified as experiencing payment difficulty are provided with information about the availability of government funded energy charge rebates, concession or relief schemes, in line with rule 33(3)
  - payment plans for customers identified as experiencing payment difficulty are subject to the same requirements as payment plans for hardship customers, in line with rule 33(4) and as set out in rule 72 (for example, payment plans being established with regard to the customer's capacity to pay).

- Provisions in rule 111(2) that are intended to ensure customers identified as experiencing hardship or payment difficulty are offered at least 2 payment plans before being disconnected.

This will directly reduce the onus on customers to self-identify as experiencing payment difficulty to receive protections under the framework, which will support greater trust in the energy market and may enable more customers to access payment difficulty assistance.

It will also simplify the eligibility framework by reducing the number of eligibility categories for payment difficulty protections from 4 to 3. This will support greater trust in the energy market by ensuring payment difficulty protections are more consistent. In addition, it will make it easier for retailers to understand and comply with their obligations in relation to identifying and supporting customers experiencing payment difficulty. During the public consultation on our payment difficulty review, we did not receive any feedback from retailers indicating that this change would entail implementation costs.

We do not expect this rule change to require updates to AER guidelines. This change may require some updates to regulatory guidance. However, we do not expect this to have material resourcing implications for the AER, provided there is sufficient flexibility to enable us to manage the development of this guidance within our existing resources.

## Summary of consultation

Through the [Review of payment difficulty protections in the NECF](#), we consulted extensively with stakeholders on the nature of the problem and the proposal forming the basis of this rule change request. Consultation included early engagement meetings with over 40 stakeholders, discussions with the AER's Customer Consultative Group, lived experience research, stakeholder workshops, listening sessions and site visits to retailer call centres. It also included a public formal submissions process, supported by a published [issues paper](#) which consulted specifically on this issue (see pages 20–22), as well as 2 public stakeholder forums. See the [consultation report](#) for further detail on consultation undertaken through the review and feedback received from stakeholders.