

Our Ref: 47503
Contact Officer: Pablo Alborno
Contact Phone: (03) 9290 1471

24 August 2016

Dear stakeholders

AER review of minimum amount owing for disconnection, r.116 of the National Energy Retail Rules

The purpose of this letter is to seek further views to inform the Australian Energy Regulator's (AER) current review of the minimum disconnection amount which commenced in May this year.

We are responding to submissions that commented on our proposal to retain the current amount of \$300 and would like to engage more on a number of issues raised by the submissions in the context of disconnections more generally. In particular, we seek your views on the submissions that propose for an increase in the minimum disconnection amount and the appropriate level of any increase.

For ease of reference, we attach a summary of the submissions we received in response to our initial consultation letter of 23 May 2016 (Attachment A).

Initial position to keep the amount at \$300

On 23 May 2016 we sought your feedback on a proposal to keep the minimum disconnection amount at \$300. We asked six key questions, namely:

1. *What other factors (if any) should the AER consider when reviewing and approving the minimum amount owing for disconnection?*
2. *What other data (if any) should the AER consider when reviewing and approving the minimum amount owing for disconnection?*
3. *What are stakeholders' experiences of the operation of the minimum disconnection amount to date?*
4. *Do stakeholders consider retaining a minimum disconnection of \$300 (GST inclusive) to be appropriate? Why / why not?*
5. *If no, what alternative amount (GST inclusive) do you consider would be more appropriate and why?*
6. *When should the AER next review the minimum disconnection amount?*

We received 12 submissions and have summarised the key issues raised at Attachment A. While a number of submissions supported maintaining the current amount, many others provided evidence supporting a higher minimum disconnection amount. Three submissions sought an increase up to at least \$500 (GST inclusive). A

number of these submissions provided evidence of the consequences for consumers struggling with finances, arguing for the benefits of a revised amount being approved. Submissions also raised issues around the level of disconnections and the increase of the last few years in the overall number of disconnections.

Given the information provided in submissions, we undertook further analysis of low income household average quarterly bill data, which is provided at Attachment B. The most recent available data indicates that electricity customers across all jurisdictions face quarterly bills for standing and market offers of greater than \$300, with the majority closer to \$400.

Given the issues raised by submissions and the recent quarterly bill data we think there is merit in reconsidering an increase of the minimum disconnection amount in the broader context of energy disconnections. Disconnections are likely to be a key focus for our performance reporting, our compliance and enforcement efforts and for the market more generally in the coming year.

Proposed disconnection forum

We propose holding a forum on 22 September 2016 commencing at 10am until 11.30am. We anticipate discussing our broader disconnection activities, the issues raised by submissions and seeking your evidence based views about the appropriate level – if any- to which the AER should raise the minimum disconnection amount.

The forum will provide an opportunity for all stakeholders to discuss the submissions received in response to the consultation letter and we particularly seek views from those of you in support of our original position to retain the amount. Specifically we will look to you to provide information about why the amount should not be raised. Additionally, we anticipate discussion about other factors impacting on the disconnections of small customers generally and what you see as the critical issues relating to disconnections for performance and compliance in the retail market.

We ask that you confirm your attendance to the forum by **16 September 2016**. Confirmation of attendance to the forum should be sent to: AERInquiry@aer.gov.au with a subject line "AER Retail Markets Disconnection Forum".

We can also provide written submissions. Consultation will commence on **29 August 2016** and close on **3 October 2016**.

If you wish to discuss this matter further, please contact Pablo Albornoz on (03) 9290 1471.

Yours sincerely



Sarah Proudfoot
General Manager, Retail Markets

Attachment A: Summary of stakeholder submissions to the consultation letter

Question 1: What other factors (if any) should the AER consider when reviewing and approving the minimum amount owing for disconnection?

Stakeholder	Stakeholder's submission
The ACT Civil and Administrative Tribunal (ACAT)	ACAT believes the factors discussed in the consultation letter are appropriate and do not need amendment or expansion.
AGL	AGL supports where ever possible a nationally consistent approach. As such, AGL would urge the AER to liaise and agree with the Victorian Essential Services Commission in adopting a national minimum disconnection amount. AGL believes that a national minimum amount for both fuels will avoid potential confusion for small customers.
Australian Energy Council (the Energy Council)	The Energy Council believes that setting of a minimum disconnection amount is one element of a suite of consumer protection provisions that are in place to assist customers experiencing genuine difficulty in paying their bills. Retailers have in place a number of support programs (both mandatory and voluntary) to assist customers experiencing financial difficulty, where disconnection is only used as a last resort.
The Consumer Action Law Centre (CALC)	<p>According to CALC, disconnection of an essential service has an impact far beyond the immediate financial implications for affected households. CALC's 2015 report, <i>"Heat or Eat"</i>, identified the following impacts of disconnection:</p> <ol style="list-style-type: none"> Impact on wellbeing: Overwhelmingly, participants of the research found that being disconnected caused significant distress. Participants experienced feelings of shame, humiliation, fear and anxiety, and the disconnection events compounded existing mental health issues and had a serious impact on participants' wellbeing. All participants suffered mental health problems and several were experiencing post-traumatic stress disorder (PTSD), depression and anxiety at the time of disconnection. Impact on dependents: The impact of high debt levels and disconnection is not limited to the account holder. It is likely that there are multiple occupants, including children, living at the disconnected property, or where a debt has been pursued, and the impact of these actions extend to them as well. In those interviewed for <i>Heat or Eat</i>, all but two participants had dependent children at the time of disconnection. They expressed concern about the emotional impact on their children through being exposed to the parent's stress and shame. Impact on financial stability: Disconnections resulted in extra costs for participants that made it harder for them to get out of debt and avoid future payment defaults and disconnections. Some of these extra costs are very direct—for example, disconnection and reconnection fees. Other, less obvious costs include: <ul style="list-style-type: none"> replacement of spoiled food when there is no electricity to power fridges and freezers; purchase of take-away meals, often for the whole family; taxi fares or petrol costs, including trips to laundries, other people's houses (to shower, wash clothes, cook), shops (to buy new food after existing food has spoiled), take away stores, and other services

Stakeholder	Stakeholder's submission
	<ul style="list-style-type: none"> • using coin-operated public laundries for washing or BBQs for cooking. • entry to public facilities such as swimming pools to shower; phone charges (calling retailers, social service providers, EWOV and others to deal with disconnection/seek help); • purchasing candles, blankets and other goods to manage in the absence of heating and lighting. <p>d) (d) Heat or Eat also details the significant impact on community assistance services, including financial counselling and emergency relief. Substantial consideration should be given by the AER to these deleterious impacts of disconnection for vulnerable households.</p>
Ergon Energy Queensland (EEQ)	EEQ agrees that the factors which have been taken into account when setting the current amount remain appropriate. Further, EEQ believes that the current approach supports the need to balance the interests of customers and retailers.
EnergyAustralia	EnergyAustralia considers the current minimum disconnection amount of \$300 is appropriate which balances the retailer's right to minimise credit risk with the consumer's right to maintain supply through periods of temporary cash flow difficulty or exceptional circumstance such as extended holiday or hospitalisation. Although some evidence in terms of retail price movements suggests that it may be appropriate to revise the minimum disconnection amount downwards, EnergyAustralia believes that maintaining this figure at \$300 will minimise customer confusion and lead to continued positive outcomes in terms of lower complaint numbers and disconnections.
The Energy and Water Ombudsman of NSW (EWON)	<p>EWON supports the factors the AER is taking into account when considering the minimum disconnection amount. In particular, EWON considers the following factor to be of critical importance:</p> <ul style="list-style-type: none"> • That, in principle, customers should not be disconnected from an essential service for relatively small amounts or being one quarterly bill behind, nor should they be disconnected solely due to an inability to pay. <p>EWON notes that for a typical family during winter or summer, an energy bill can often be more than \$300, particularly for those customers who only use electricity. The analysis done by the AER on average energy bills may not apply to those customers, of whom there are many in NSW, who rely solely on electricity for their energy needs. EWON urges the AER to be mindful of these customers in its consideration of the minimum disconnection amount.</p>
The Energy and Water Ombudsman of South Australia (EWOSA)	EWOSA supports the approach taken and the factors considered by the AER in reviewing the minimum disconnection amount.
Financial Counselling Victoria (FCA)	<p>FCA believes that in general, the factors considered in reviewing the minimum disconnection amount appear to be a sound basis for its determination.</p> <p>In particular, FCA notes that customers 'should not be disconnected from an essential service for relatively small amounts or for being one quarterly bill behind' as a factor for consideration. The current minimum disconnection amount of \$300 for many Australian households will represent less than the cost of one quarterly bill particularly for electricity.</p>

**UnitingCare
Australia (UCA)**

UCA supports the factors for consideration listed in the discussion paper.

Regarding other factors that the AER should consider, UCA asserts that consideration must be given to the rate of change of energy prices being charged for customers. Energy bills are not received in a vacuum meaning that consideration needs to be given to the level of financial stress that household and small businesses are experiencing when they receive their energy bills. Where this rate of price change is greater than CPI, then retailers should be obliged to put additional measures in place to limit disconnections. Simply ramping up prices and then disconnecting more customers due to their inability to pay higher prices, is not acceptable.

The other data that the AER needs to consider is the rate of disconnection. For some jurisdictions this has risen significantly over the last 5 to 10 years, suggesting both additional hardship and a failure of reasonable efforts by retailers, to rein in disconnection rates. UCA has reproduced three figures below, using AER data to illustrate this data. AER needs to give consideration to both the absolute levels of disconnection, (standardised, e.g. disconnections per 1000 customers), and trends over recent years. Where increases are occurring these should be used as a 'flag' for a problem with disconnection levels and prompt greater expectations from the regulator of increased efforts by retailers to reduce disconnections.

Question 2: What other data (if any) should the AER consider when reviewing and approving the minimum amount owing for disconnection?

Question 3: What are stakeholders' experiences of the operation of the minimum disconnection amount to date?

Stakeholder

Stakeholder's submission

ACAT

ACAT believes there is no need to consider any additional data.

ACAT has not recorded any cases where an energy account was disconnected for a debt less than \$300.

ACAT considers that the minimum disconnection amount is set at an appropriate level. It is preferable for collection action to commence at an early stage rather than when the debt has grown to an amount (in the thousands of dollars) which is effectively unrepayable by a low income client.

ACAT notes that in the ACT, disconnections generally occur only at a much larger amount than \$300 and that jurisdiction has the additional hardship disconnection/reconnection mechanism provided by Part 12 of the *Utilities Act 2000*.

ACAT notes the average quarterly bill of \$383 is made up of much lower average bills in Summer and much higher average bills in Winter, because of the dominance of space heating in domestic households in the ACT.

AGL	<p>AGL considers the current minimum amount of \$300 strikes a reasonable balance between debt management and customer protection. AGL recognises there are multiple factors which may be taken into account when attempting to set an equitable disconnection threshold, such as customer jurisdiction, fuel types and usage (residential versus small business), billing frequency, and the like. On balance, it is foreseen that an increased disconnection threshold is likely to result in higher accumulated debt for those customers who choose to not engage or inform the retailer of their financial difficulties prior to a disconnection notice being issued.</p> <p>AGL's preference is to work with customers and assist them with setting agreed and effective payment plans and arrangements. AGL treats disconnection for non-payment as a last resort option. However, AGL recognises that the warning of disconnection for non-payment acts as an important trigger for some customers to make contact with us to discuss their situation.</p>
The Energy Council	<p>The Energy Council believes that that setting of a minimum disconnection amount is one element of a suite of consumer protection provisions that are in place to assist customers experiencing genuine difficulty in paying their bills. Retailers have in place a number of support programs (both mandatory and voluntary) to assist customers experiencing financial difficulty, where disconnection is only used as a last resort.</p> <p>The Energy Council supports the AER's proposal that the current minimum disconnection amount of \$300 (GST inclusive) be retained. There is no evidence to suggest that this amount is not providing "a form" of protection for customers having difficulty paying their energy bills.</p>
CALC	<p>CALC referred to the remote disconnection as a similar process: CALC submits the minimum amount should be increased to at least \$500. This submission articulates the policy justification for such a shift, and draws upon research conducted by Consumer Action and the analysis undertaken in the recent Victorian Energy Hardship Inquiry. CALC considers that the AER should more clearly consider the social and other impacts of disconnection for those affected, and also the impacts caused by changes in the market such as the increasing incidence of remote disconnection.</p>
EEQ	<p>EEQ believes that the current approach supports the needs to balance the interests of customers and retailers.</p> <p>EEQ is supportive of the AER's proposed approach to maintain the current disconnection threshold of \$300.</p>
EnergyAustralia	<p>EnergyAustralia considers the current minimum disconnection amount of \$300 to be an appropriate figure which balances the retailer's right to minimise credit risk with the consumer's right to maintain supply through periods of temporary cash flow difficulty or exceptional circumstance such as extended holiday or hospitalisation. Although some evidence in terms of retail price movements suggests that it may be appropriate to revise the minimum disconnection amount downwards, EnergyAustralia believes that maintaining this figure at \$300 will minimise customer confusion and lead to continued positive outcomes in terms of lower complaint numbers and disconnections.</p>
EWON	<p>EWON notes for a typical family during Winter or Summer, an energy bill can often be more than \$300 particularly for those customers who only use electricity. The analysis done by the AER on average energy bills may not apply to those customers, of whom there are many in NSW, who rely solely on electricity for their energy needs. EWON</p>

EWOSA	<p>urges the AER to be mindful of these customers in its consideration of the minimum disconnection amount.</p> <p>EWOSA believes that in conjunction with other customer projections, this provides an appropriate level of support for small customers that may be having difficulties in paying their bills and ensures that the vast majority of such customers will not suffer disconnection.</p>
FCA	<p>FCA considers the data sets referenced in the consultation letter to be an appropriate basis for reference.</p> <p>FCA is not aware of any significant issues with breaches in relation to the minimum disconnection amount. It notes however, that debt collectors engaged by some energy retailers do on occasion threaten to disconnect people for amounts less than the minimum. This issue could usefully be addressed as part of the review.</p>
Public Interest Advocacy Centre (PIAC)	<p>While PIAC agrees that there is no definitive measure of the appropriateness of the minimum disconnection amount, it considers that it would be useful to review data over the length of time that the minimum disconnection amount has been in operation. PIAC notes from the AER's letter that this approach was applied to average energy bills but not disconnection rates – that is, the AER appeared to only compare 2014/15 disconnection figures with the previous year rather than the full period between 2012/13 to 2014/15.</p> <p>PIAC notes that this has led the AER to comment that electricity disconnection rates have stabilised and decreased. While this is true when comparing back one year, it would have been more accurate to point out that disconnections increased steeply from 24,888 in 2012/13 to 32,940 in 2013/14, before falling slightly to 31,979 in 2014/15. From this perspective, disconnection numbers still remain very high. Hence, PIAC urges the AER to avoid taking a short-sighted approach to reviewing data as the longer-term trends provide more comprehensive insight into whether the current consumer protections are operating effectively.</p>
UCA	<p>UCA believes the AER should also be aware that financial counsellors still continue to see some clients who are spending up to two thirds of their income on rent plus utilities, leaving very little money for other necessities, including food and medical care.</p> <p>UCA surveys also show that electricity is rated second in terms of priority for payment by an overwhelming majority of clients, only rent rates higher as a payment priority.</p> <p>Movements in employment and income are also indicators of the financial stress of a community. For example, in South Australia rising levels of unemployment, growing numbers of people employed part-time wanting more hours and consideration of total hours worked over a month, see below, all indicate that a significant number of households are experiencing substantial income pressure as a result of a very sluggish labour market. So actual incomes that are static or declining when combined with rising essential electricity costs provide clear indication of a likelihood for increased levels of disconnection from electricity due to inability to pay. Regarding experience of the operation of minimum debt for disconnection, UCA's financial counsellors and related services recognise the tension that is at play here. At one level would like to be able to see UCA's clients having more time to pay their bills. At the same time, when a person is using Centrepay or a shortened billing cycle and has payment of energy bills as a high priority, then a \$300 energy debt is significant, and would take quite some time to repay.</p> <p>UCA also submits that \$300 is well below an average quarterly</p>

	<p>electricity bill so being a little late with payment of one quarterly bill automatically exceeds \$300 benchmark, for a vast majority of households.</p> <p>UCA strongly encourages the AER and retail businesses to regard the minimum debt disconnection amount as a flag that a customer is struggling to pay their bills and needs some additional assistance, rather than as a signal to commence disconnection. Support can be provided through a hardship program, help with energy efficiency, e.g. though jurisdictional services or possibly a no interest loan scheme support. It is recognised that retailers generally are aware of the financial stresses on their customers, and many have significantly improved there dealing with customers experiencing 'energy stress' over the last couple of years.</p> <p>It is UCA's strong view that current experiences of service providers reinforce the reality that electricity bills are too high and are contributing to substantial financial and emotional stress. Disconnection from supply for essential energy service needs must be an absolute last resort.</p>
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Question 4: Do stakeholders consider retaining a minimum disconnection of \$300 (GST inclusive) to be appropriate? Why / why not?

Question 5: If no, what alternative amount (GST inclusive) do you consider would be more appropriate and why?

Stakeholder	Stakeholder's submission
ACAT	ACAT supports retaining a minimum discount of \$300.
AGL	<p>AGL notes that a failure of the disconnection process sometimes is due to the performance of a regulated network service provider and difficulties with accessing meters. In particular, in NSW, AGL experiences a less than expected rate of successful disconnection service order completions for gas. As a result, there is no incentive for the customer to contact the retailer as they are able to continue to consumer while also increasing their debt.</p> <p>While AGL acknowledges this is out of scope for this review, AGL believes the AER need to consider the implication of the practice on consumer debt levels and experience. Credit management regulations that lead to less than effective customer outcomes is a cost borne by good paying consumers cross subsidising non engaging consumers.</p> <p>AGL believes that the protection of the minimum disconnection amount should be reviewed in light of the purpose of the customers energy usage; based on energy being an essential services for residential customers whereas for a small business it</p>
The Energy Council	<p>The Energy Council supports the AER's proposal that the current minimum disconnection amount of \$300 be retained. There is no evidence to suggest that this amount is not providing "a form" of protection for customers having difficulty paying their energy bills.</p> <p>The Energy Council submits that if the current minimum disconnection amount of \$300 is increased it would risk exacerbating customer debt issues. Unfortunately it is often the case the customers experiencing financial difficulty postpone engagement with their retailer until the point of imminent disconnection. This in turn means that if the threshold is set too high, retailers are likely to carry customer debt for a longer time, and a customer's debt level will consequently have increased.</p>

CALC	<p>CALC submits the minimum amount should be increased to at least \$500. This submission articulates the policy justification for such a shift, and draws upon research conducted by Consumer Action and the analysis undertaken in the recent Victorian Energy Hardship Inquiry. CALC considers that the AER should more clearly consider the social and other impacts of disconnection for those affected, and also the impacts caused by changes in the market such as the increasing incidence of remote disconnection.</p> <p>CALC urges the AER to consider a significant increase to the minimum disconnection warning. CALC suggests that the amount be at least \$500, and perhaps more. The AER should also ensure that the amount is updated annually so it is not eroded by inflation, and that there should be additional three-yearly reviews of the appropriate amount.</p>
EEQ	<p>EEQ is supportive of the AER's proposed approach to maintain the current disconnection threshold of \$300.</p> <p>EEQ supports the view of the Australian Energy Council that if the minimum disconnection threshold was increased, customers in debt would face a more difficult task to repay this larger amount and applicable reconnection fees. Retailers would also be impacted by carrying large debt levels for a longer time.</p> <p>EEQ is supportive of the AER's proposed approach to maintain the current disconnection threshold of \$300.</p>
EnergyAustralia	<p>EnergyAustralia considers the current minimum disconnection amount of \$300 to be an appropriate figure which balances the retailer's right to minimise credit risk with the consumer's right to maintain supply through periods of temporary cash flow difficulty or exceptional circumstance such as extended holiday or hospitalisation.</p>
EWON	<p>EWON notes that for a typical family during winter or summer, an energy bill can often be more than \$300, particularly for those customers who only use electricity. The analysis done by the AER on average energy bills may not apply to those customers, of whom there are many in NSW, who rely solely on electricity for their energy needs. EWON urges the AER to be mindful of these customers in its consideration of the minimum disconnection amount.</p>
EWOSA	<p>EWOSA supports the AER proposal to retain the existing minimum disconnection amount of \$300. In particular, EWOSA agrees with the principle that small customers should not be disconnected for being only one quarterly bill in arrears and the analysis conducted by the AER indicates that the current minimum disconnection amount suitable in this respect.</p>
FCA	<p>FCA does not support the retention of the minimum disconnection amount at \$300, and recommends the amount be increased to at least \$500.</p> <p>FCA understands the AER's desire not to exacerbate a customer's debt level and financial hardship. Disconnection however has a much more severe financial impact: retaining a slightly higher debt level therefore would be preferable.</p> <p>The severe impacts of disconnection include: the cost of reconnection, the cost of replacing food in the family fridge, the cost of takeaway food when a family has no means to cook it, the social impact on a family having no hot water or heating in winter, just to list a few examples. If gas is disconnected before electricity (as is recommended in dual fuel contracts), the cost of running electric heaters sends electricity bills skyrocketing.</p>

	<p>Furthermore, retailers often insist on payment of a specific amount of money (as dictated by them) before reconnection can occur. For families shouldering the high cost of running a household with no electricity or gas, disconnection makes them even more incapable of paying these amounts, compounding their financial hardship.</p> <p>All these factors exacerbate financial hardship, not protect customers from it. Customers would be better protected from financial hardship by having the minimum disconnection amount increased to \$500.</p> <p>Furthermore, as described above, FCA considers that in most states \$300 represents less than the average cost of a quarterly electricity bill, and FCA agrees that customers should not be disconnected for a single bill.</p> <p>Therefore, FCA proposes that an appropriate level of consumer protection should be a minimum disconnection amount of at least \$500 (GST Inclusive) for a minimum 6 months' worth of usage (being two quarterly bills).</p>
PIAC	<p>PIAC agrees with the AER that, in principle, customers should not be disconnected from an essential service for owing a relatively small amount or for being one quarterly bill behind. The AER maintains that average energy bill data in most jurisdictions shows that 'electricity bills are lower now than when the minimum disconnection amount was introduced and that quarterly gas bills, although increasing, are still less than the minimum disconnection amount. While this may be the case, the data (presented below) also demonstrates that \$300 no longer offers an adequate level of protection for low income (without concession) households, who are generally considered to be the 'working poor', and are paying \$346 for their electricity each quarter.</p> <p>PIAC further submits the AER's data indicates that the average quarterly electricity bill in NSW ranges from \$347.50 (annual bill is \$1,390) in Ausgrid and Endeavour Energy's distribution zones, to \$513.50 (annual bill is \$2,054) in Essential Energy's distribution zone.⁹ PIAC notes that Essential Energy's distribution zone covers the vast majority of regional, rural and remote NSW where customers experience extremes of climate and higher network costs, and are therefore more likely to incur higher energy bills.</p> <p>It relies on recent research by St Vincent de Paul Society to argue that the minimum disconnection amount of \$300 has not been an effective protection against disconnection, as customers in Essential Energy's distribution zone would automatically be at risk of disconnection for failing to pay one bill. PIAC therefore recommends revising the minimum disconnection amount, as it no longer aligns with the principle that customers should not be disconnected for being one quarterly bill behind. PIAC also considers that the current amount is no longer appropriate in light of continuing high electricity disconnection rates, and the steep 54% rise in residential gas disconnections from the previous year.</p> <p>PIAC recommends that the minimum disconnection amount should be increased to \$520. To ensure the value of this figure is not eroded over time, PIAC also supports annual indexation of this amount to average electricity bill increases PIAC has previously argued, customers with payment difficulty need assistance, not action that further disadvantages them when they are vulnerable. It submits that proactive measures, such as sustainable payment plans and early identification of customers for hardship programs, can be useful. PIAC refers to the AER's Sustainable Payment Plans Framework in this context</p>

Red Energy and Lumo Energy (Red and Lumo)	<p>Red and Lumo support the AER's view that the minimum disconnection amount remain at \$300. They consider that the existing minimum disconnection amount remains fit for purpose in today's energy markets, and provides consumers with adequate protection from disconnection.</p> <p>Red and Lumo consider any increase to the minimum disconnection amount in the absence of compelling evidence that the current framework detrimentally impacts consumers may have unintended consequences, particularly regarding the ability of consumers to sustainably repay energy debts in the long term.</p>
UCA	<p>UCA's conclusion is that if disconnections must be utilised then, on balance, the current level of minimum disconnection can be retained, but used mainly as a signal of struggle for a household to pay and as a signal for additional assistance and information to be provided to that household, before disconnection is actively considered. UCA submits if there was to be any change in the minimum disconnection amount, it would tend to support an increase rather than a decrease from the current \$300 level, to reflect rising energy bills.</p>

Question 6: When should the AER next review the minimum disconnection amount?

Stakeholder	Stakeholder's submission
ACAT	ACAT believes a further review in 5 years is appropriate.
AGL	AGL suggests the AER conduct a further review of the minimum disconnection amount in five years, with a review only occurring earlier should developments in the market require it.
The Energy Council	The Energy Council submits that the AER should conduct a further review of the minimum disconnection amount in five years, with an earlier review only if developments in the market require it. For example, a change to the Retail Laws/Retail Rules hardship obligations would prompt an earlier review.
CALC	CALC contends that the AER should also ensure the amount is updated annually so it is not eroded by inflation, and that there should be additional three-yearly reviews of the appropriate amount.
EEQ	EEQ suggests that given the amount of change in the energy sector, a two year review period would be more appropriate.
EWON	EWON notes the proposal to next review the minimum disconnection amount in five years, and also the AER's ability to initiate an earlier review should circumstances warrant it. In deciding whether to initiate an earlier review, EWON suggests the AER internally consider annually the relative difference between the minimum disconnection amount and the average quarterly bill. In the event that energy prices rise so as to exacerbate this difference, EWON believes the AER should initiate an early review.
EWOSA	<p>EWOSA's only concern with the review is the proposal that the next review of the minimum disconnection amount may take place in five years. EWOSA considers this period to be too long, given the many changes occurring in the energy industry and particularly the electricity market, including a shift to cost-reflective pricing. EWOSA believes the next review of the minimum disconnection amount should take place in two or three years.</p> <p>EWOSA notes the AER could review earlier than five years and</p>

	indicates circumstances for earlier review might include a large rise in average energy bills and/or a large rise in disconnections and/or complaints about disconnections.
PIAC	PIAC considers a five year review is too long in the context of an unstable gas market and ongoing high disconnection rates. It suggests the AER conduct the next review in tandem with a review of the AER Sustainable Payment Plans Framework, which would enable the AER to assess how effectively the suite of consumer protections (minimum disconnection amount, payment plans and hardship programs) are operating together to benefit consumers. PIAC would support periodic reviews of the minimum disconnection amount every 24 months. PIAC considers this to be an appropriate timeframe for determining whether changes in market conditions have eroded the protection.
Red and Lumo	Red and Lumo are comfortable with the AER's preference to next review the minimum disconnection amount in 5 years, provided flexibility to initiate an earlier review is retained should it be deemed necessary. Red and Lumo consider a review would be essential should there be any changes made to the hardship requirements in the Retail Law or Retail Rules.
UCA	UCA states that noting the current trend for rising levels of disconnections due to inability to pay coupled with known electricity price rises for 2016/17 and increasing uncertainty in energy markets across Australia, UCA believes that a three-year timeframe would be an appropriate period for review.

Attachment B: Time series of average quarterly bill using low income benchmark data for standing offers and market offers per jurisdiction

