

A large, abstract graphic on the right side of the page, consisting of a large, curved, teal-colored shape that resembles a stylized 'C' or a swoosh, with a thin green line curving around it and a thin blue line intersecting it.

Submission to the Draft rule to improve consumer protections for customers on retail energy plans

Submission to the Australian Energy
Market Commission

DATE: 8/05/2025



Summary

Energy Consumers Australia (ECA) appreciates the opportunity to provide feedback to the Australian Energy Market Commission's (AEMC) draft determination (the Draft) and more preferred rule change for *Improving consumer confidence in retail energy plans*. We support the Draft and find that it will make positive contributions to all energy consumers on retail plans.

The Draft would provide a suite of new protections, specifically by:

- limiting the price to the standing offer price if a consumer's benefits change or expire;
- banning disconnection for consumers on deemed retail arrangements who are paying their bill;
- removing unreasonably high penalties for not paying bills on time;
- restricting price rises to no more than once every twelve months;
- restricting fees and charges for consumers experience vulnerability; and
- requiring retailers to provide at least one free payment method.

This suite of new protections is much needed. In many cases, they are simply common sense reforms, deftly applied within the parameters of the law. We applaud the Energy and Climate Ministerial Council for raising their rule change requests and the AEMC for addressing them via the Draft.

Our only issue with the Draft is the uniform decision to apply the rules from 1 July 2026. In most cases, we suspect the changes could apply more quickly -- as soon as 1 January 2026 if not before. These consumer protections are needed and commonsense; an overly long time to apply them is not in consumers interests.

Our brief comments are organized along the four headings the AEMC uses in their consultation document.

Improving protections for customers on contracts with benefits that expire or change

Requiring retailers to limit the prices that consumers pay to the standing offer prices (or less) if they are on a contract where the benefits expire or change before the contract ends is a strong, actionable consumer protection that will help reduce bills and improve retailer behaviour. Moreover, it should help to, on the margin, improve trust in the energy sector.

Repeated reports from the Australian Competition and Consumer Commission have demonstrated that entirely too many households pay more than the standing offer price; the Draft will help reduce bills for some number of consumers who today pay more than the standing offer price when their benefits change, but their contract remains.

We applaud the AEMC for requiring retailers to amend contract terms thereby avoiding the pernicious parameters arguably introduced by the explicit, informed consent obligations retailers face under the National Energy Retail Law.

Moreover, we are glad to see that the Draft has added protection by banning disconnections for consumers on deemed customer retail arrangements who are paying their bill but otherwise unengaged. Engie should be applauded for drawing the AEMC's attention to this gap in the rules.

Removing unreasonable conditional penalties



Aligning all contracts, particularly those previously grandfathered during the AEMC's 2020 rule, to require conditional fees and discounts to be no higher than the retailer's reasonable costs is sensible and practical.

Given that this rule already applies to most, though not all contracts, applying the rule sooner than 12 months – for example, in 6 months – seems more than reasonable.

Restricting price increases under market retail contracts

Stability in prices is among the core tenets of pricing; indeed it is one of Bonbright's *Principles of Public Utility Rates*. Restricting price increases to no more than once per year, and focusing most price increases to July should lead to multiple benefits for consumers – including, potentially, helping align public messaging around good times to shop for new energy contracts.

We agree with the Justice and Equity Centre's and others advocates joint submission that the AEMC should ensure any guidelines or direction developed by the AER involves appropriate engagement with consumer and community organisations to ensure communications on price increases or changes are effective and accessible.

Restricting fees and charges

In a Draft full of commonsense changes to the Rules, the restrictions on fees and charges are perhaps the most sensible. The AEMC has rightly identified that retailers should not be permitted to charge any ancillary fees and charges to hardship consumers; consumers on payment plans; consumers experiencing family violence; and those receiving a concession.

Moreover, given that energy is an essential service, it is unreasonable to require any consumer to pay a fee for simply paying their bill. Requiring one free, commonly used payment method by all retailers is an important and overdue consumer protection.

Conclusion

Again, we applaud the AEMC for this Draft. We encourage you to closely re-examine the ability to apply some of the updated rules more quickly than in 12 months.

For any questions or comments about our submission, please contact Brian Spak at brian.spak@energyconsumersaustralia.com.au.

Yours sincerely,

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