

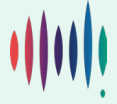
# Strengthening Payment Difficulty Protections

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Energy Consumers Australia submission  
to the Australian Market Commission's  
Draft Determination.

**Submitted by:** Dr Kimberley Crofts

**DATE:** 20/10/2026



**Energy Consumers Australia is the national voice for household and small business energy consumers. We advocate for a fair, affordable, and reliable energy system that meets everyone's needs and leaves no one behind on the journey to net zero.**

Energy Consumers Australia (ECA) supports the Australian Energy Market Commission's (AEMC) final rule to strengthen payment difficulty protections. The rule change request was made on 19 December 2025 by the Australian Energy Regulator (AER) and triggered through their review of payment difficulty protections.<sup>1</sup> It links to other rule changes made in June of this year,<sup>2</sup> and includes two broad proposals:

1. Banning retailers from requesting documentary evidence from customers when setting up payment plans or hardship support;
2. Requiring retailers to create more affordable payment plans through:
  - a. Considering any relevant information about the customer's capacity to pay when setting up a payment plan that is provided by a customer or their representative (including arrears and ongoing usage); and
  - b. Requiring retailers to review and update payment plans when they become aware that a customer's circumstances have changed.

This rule change could not come at a better time. Since the AER submitted the rule change request in late 2025, AER retail performance measures continue to chart the dreadful path from payment plans to debt, energy hardship, and disconnection. While we are pleased to see that more customers are receiving payment plan and hardship support from their retailers, energy debt continues to rise, as do electricity disconnections among customers on payment plans.<sup>3</sup>

These increases show that changes to how payment plans are created and sustainably maintained are evermore critical to reduce growing levels of energy hardship and to reduce disconnections.

ECA will soon publish analysis that estimates the annual societal costs of electricity disconnections to be \$207 million — around \$4,900 per disconnection.<sup>4</sup> The report also shows that avoiding disconnections could save \$186 million annually; money that could be unlocked across the system to treat the root causes of energy debt or be redirected into proactive support like debt matching or energy efficiency improvements to rental properties and social housing.

Improving affordability of electricity is the best way to help customers pay their bills, avoid growing debt, and prevent disconnections. We look forward to continuing to work with the AEMC and the rest of the sector to seriously put a dint in these intersecting issues.

The remainder of this submission will address each of the three proposals in the draft rule in turn.

Sincerely,

**Dr Kimberley Crofts**

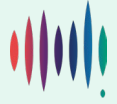
Acting Executive Manager, Consumer Advocacy & Policy  
Energy Consumers Australia

<sup>1</sup> <https://www.aer.gov.au/industry/registers/resources/reviews/review-payment-difficulty-protections-national-energy-customer-framework>

<sup>2</sup> <https://www.aemc.gov.au/rule-changes/streamlining-payment-difficulty-protections>

<sup>3</sup> ECA analysis of AER retail performance reporting figures.

<sup>4</sup> Energy Consumers Australia and Reform Matters, *Disconnections: Counting the Cost*. Sydney: Energy Consumers Australia, November 2026.



## 1. ECA supports banning documentary evidence

ECA is pleased to support the final rule to ban retailers from requesting documentary evidence from consumers to access payment plans or hardship support. This ensures that all entitlements and obligations under the National Energy Customer Framework (NECF) remain strictly evidence-free.

The AEMC has declined to broaden the ruling beyond the processes of securing payment difficulty protections. This is intended to allow retailers to request evidence for tailored support (such as for debt waivers or appliance replacement schemes). ECA would stress that any exceptions should be supported through explicit statements within retailer hardship policies to help consumers to clearly understand their entitlements. Administrative burdens should be avoided wherever possible, as noted by Dr Lee White and colleagues in their submission to the consultation paper.<sup>5</sup>

### 2a. ECA recommends making capacity to pay the primary consideration in determining affordability of payment plans

The AEMC has asked for feedback on the revised NERR rule 72 regarding factors retailers must consider when reviewing and updating payment plans.

ECA supports the addition in NERR Rule 72 of items (1), (2), and (3) — in particular the inclusion of explicit informed consent (EIC) from customers, which is essential to avoid the confusion and stress associated with payment plans changing without a customer's knowledge.

We question the logic inherent in Rule 72(4), however, which implies that in determining affordability for a hardship customer, retailers should equally balance a customer's capacity to pay with accumulated arrears. AER data shows that 2.3 per cent of all electricity customers hold debt overdue by 90 days or more, with roughly one in three of these customers placed on neither a payment plan nor a hardship program.<sup>6</sup> As the AER identified, this 'persistent assistance gap' indicates that retailers are failing to engage consumers early enough to avoid increasing debt. Allowing accumulated arrears to outweigh capacity to pay would unfairly penalise consumers for delays in early retailer intervention and may force consumers into dangerous trade-offs between keeping the power on and affording food, housing, or essential medication.<sup>7</sup>

**Customers should not be penalised for retailer delays in recognising their payment difficulties. Rule 72 of the NERR must therefore explicitly designate capacity to pay as the primary consideration.**

Retailers have the technological capacity to monitor customer data and identify much earlier when a customer needs support. We agree with JEC and the NSW, Queensland, and South Australian Ombudsmen that, when a consumer's self-reported capacity falls short of ongoing usage, this shortfall should automatically trigger structural relief — such as concession checks, energy efficiency support, and debt waivers.<sup>8</sup>

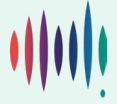
Balancing capacity to pay with ongoing use and arrears is a difficult problem to solve and highlights the need for a system-wide, collaborative approach to improve the affordability of electricity.

<sup>5</sup> White, L. & Marsh, F. Submission to AEMC, *Strengthening standards for payment difficulty assistance, Consultation paper*, 18 June 2026

<sup>6</sup> AER, Retail energy market performance update for January to March 2026, Quarter 3, 2025–26, Schedule 3; AER Submission to AEMC, *Strengthening standards for payment difficulty assistance, Consultation paper*, 30 July 2026.

<sup>7</sup> JEC & SACOSS, Joint Submission to AEMC, *Strengthening standards for payment difficulty assistance, Consultation paper*, 30 July 2026.

<sup>8</sup> Note 7; EWON, EWOQ, EWOSA, Submission to AEMC, *Strengthening standards for payment difficulty assistance, Consultation paper*, 27 July 2026.



## **2b. ECA recommends retailers do more to proactively identify changes in customer circumstances that indicate energy hardship**

The draft rule states that retailers must update a customer's payment plan if they become aware of changes in a customer's circumstances and only after the customer has given explicit informed consent.

ECA notes that several retailers raised concerns in submissions to the consultation paper that the language in the initial AER proposal could create continuous monitoring requirements that would take resources away from supporting customers. We note the AEMC have subsequently adapted the rule to alleviate retailer concerns, stating that reviews should only consider 'any *relevant* information...'

Energy Consumers Australia (ECA) supports this change in wording but reject the claims of some retailers in their submissions to the consultation paper that it will be an unmanageable burden to monitor for changes in customer payment capacity beyond what customers or their advocates tell them. AI is already being utilised by energy providers, network operators and cities for smart grid management, renewable asset optimisation, predictive maintenance, and intelligent energy distribution,<sup>9</sup> and we would encourage retailers to extend their application of AI to monitor customer payment and usage patterns to ensure they can intervene proactively before debt becomes unmanageable. As an example, in the United States, American Electric Power has combined energy-use patterns with demographic information to locate households likely to be experiencing payment difficulty. Tailored outreach is then directed to those potentially eligible for assistance — illustrating that carefully applied AI can connect more consumers with available support.<sup>10</sup>

As the AEMC has requested feedback on whether existing monitoring and reporting obligations are sufficient, ECA welcomes the related work from the AEC on an outcomes-based, voluntary commitment for retailers to address vulnerability.<sup>11</sup> If introduced, this 'Vulnerability Code' will go above and beyond regulatory reporting duties and provide retailers with the platform to share learnings and continuously improve how they monitor, report, and act on vulnerability. We are hopeful that the Vulnerability Code will provide additional ideas for how those experiencing or vulnerable to energy hardship can be better supported.

<sup>9</sup> <https://biomassproducer.com.au/clean-energy-technologies/how-ai-is-revolutionizing-australias-clean-energy-future/>

<sup>10</sup> <https://www.utilitydive.com/spons/technology-helps-utilities-serve-their-most-vulnerable-customers/748176/>

<sup>11</sup> National Tribune, AEC CEO opening remarks – Energy2050: Mapping way forward, n.d. <https://www.aemc.gov.au/contact-us/lodge-submission>

**The national voice for residential and  
small business energy consumers**



PO Box A989,  
Sydney South NSW 1235  
T 02 9220 5500

[energyconsumersaustralia.com.au](http://energyconsumersaustralia.com.au)