



Assisting hardship customers

We are seeking feedback on a rule change request to increase support for people experiencing hardship

On 28 November 2024, the Commission published a consultation paper in response to a rule change request from The Hon. Chris Bowen MP, Minister for Climate Change and Energy, as Chair of the Energy and Climate Change Ministerial Council (ECCMC). The rule change seeks to amend the National Energy Retail Rules (NERR) and relates to supporting people experiencing hardship.

The Australian Energy Regulator (AER), as part of its *Game changer* report recommended that retailers should be required to automatically place consumers in hardship programs on a better offer (as defined in the Better Bills Guideline version 2).

The rule change forms part of a package of proposed rule change requests to be submitted by Energy Ministers at their meeting on 19 July 2024. The package of consumer-related rule change requests include:

- [Ensuring energy plan benefits last the length of the contract](#)
- [Preventing price increases for a fixed period under market retail contracts](#)
- [Improving the ability to switch to a better offer](#)
- [Assisting hardship customers](#)
- [Removing fees and charges](#)
- [Improving the application of concessions to bills](#)
- [Removing unreasonable conditional discounts](#)

We are seeking stakeholder feedback on:

- the nature of the identified problem (ie, whether hardship customers face barriers to engaging with the market and their retailer, the proportion of hardship customers who are not on the deemed better offer and factors that contribute to this)
- whether the proposed solution of a crediting mechanism would address the issues raised in the rule change request and the considerations we need to assess
- if the proposed changes will best promote the long-term interests of consumers
- implementation considerations including the costs of any such changes.

The proposal is to provide hardship customers with a credit on their bill if they are not on their retailer's deemed better offer

- The rule change request sets out that hardship customers face many barriers to engaging in the market and with their retailer, such as lack of time, literacy or language barriers. The proponent considers that these barriers may prevent hardship customers from getting the best retailer offer available to them.
- To address the issues identified in the rule change request, the proponent proposes to increase support for hardship customers beyond the existing arrangements by requiring retailers to provide their hardship customers with a credit on their bill if a deemed better offer is available.
- Under the proposed crediting approach, the credit would be equal to the value of the amount that the customer would have saved if they were on the deemed better offer. It would also be pro-rated when a hardship customer moves on or off a hardship program and/or when they change energy plans.
- The rule change request states hardship customers should still be able to change energy plans if that were their preference, nor would the rule change lift retailers' obligation to

engage with their hardship customers on whether their current plan is right for them. The proponent also outlined that the proposal does not seek to change explicit informed consent (EIC) requirements and considers that a credit mechanism would serve consumer interests while remaining consistent with the National Energy Retail Law (NERL's) EIC provisions.

We consider that there are four assessment criteria that are most relevant to this rule change request

Considering the National Energy Retail Objective and the issues raised in the rule change request, the Commission proposes to assess the rule change request against four assessment criteria:

- **Outcomes for consumers.** We will consider whether an 'automated' bill credit would:
 - help hardship customers to better manage their bills and debt (ie. have more affordable bills, meet payment plans and/or manage or reduce energy usage debt)
 - promote consumers to benefit from the retailer's best offer (ie. deemed better offer) whilst also meeting their needs and preferences, including potentially non-monetary benefits from an offer
 - minimise economic costs (opportunity and transaction costs) that hardship customers incur from difficulty and time spent navigating the market
 - be compatible with or strengthen existing consumer protections and assistance for hardship customers under the National Energy Customer Framework (NECF), including the NERR and AER's guidelines (eg, Customer Hardship Policy Guideline).
- **Principles of market efficiency.** We will consider:
 - whether the proposed approach for applying a bill credit if there is a deemed better offer is the best approach
 - how prescriptive the rules need to be, including considering a principle based approach
 - how this rule would interact with recommendations made under the AER's current *Review of payment difficulty protections in the NECF*.
- **Implementation considerations.** We will consider the cost and complexity for retailers to leverage or build upon existing systems and processes to calculate and provide a bill credit to their customers. We will also consider other considerations for example, AER updates its existing guidelines (eg, Better Bills Guideline and Customer Hardship Policy guideline).
- **Principles of good regulatory practice.** We will consider:
 - current processes of retailers to help ensure their customers are on the best offer and suit their customer's needs
 - current risk allocation between retailers and hardship customers on non-payments of energy bills
 - the impact of an 'automated' bill credit on competition, including how they package their generally available offers and their incentive to provide deemed better offers.

Submissions are due by 16 January 2025

Written submissions responding to this consultation paper must be lodged with the Commission by 16 January 2025 via the Commission's website, www.aemc.gov.au.



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