

Assisting Hardship Customers

We are seeking feedback on a draft rule determination and draft rule to increase support for energy customers experiencing hardship

The Commission's draft rule recognises that hardship customers face many barriers in engaging with their retailer. We are seeking feedback on our proposed changes, which aim to:

- Increase support and improved outcomes for hardship customers so that they are no worse off if they do not take up their retailer's deemed better offer. This includes ensuring they do not incur more debt or expenses than is necessary.
- Place a stronger onus on retailers to assist hardship customers with deemed better offers but provide retailers flexibility in delivering these protections.
- Improve the reporting and transparency of the type of hardship offers customers are on and assist the AER with monitoring to ensure retailers comply with the proposed rule.

The draft determination is 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 (ECMC) to support people experiencing hardship.

The rule change request outlined that a number of barriers prevent hardship customers from getting the best retailer offer available, and support for these customers could be improved. ECMC proposed to amend the National Energy Retail Rules (NERR) to require retailers to provide hardship customers with a credit on their bill if there is a deemed better offer¹ for that customer.

We are seeking feedback on our draft determination and draft rule by **8 May 2025**.² There are a variety of ways to provide feedback including from participating in workshops or bilateral meetings to providing formal submissions.

There are three key proposed changes under the draft rule

The figure below gives an overview of the three proposed changes under the draft rule.



The proposed changes include:

¹ As referred in the Australian Energy Regulator's (AER's) [Better Bills Guideline](#).

² Submissions can be made through the Commission's website, www.aemc.gov.au, - "lodge a submission" under the "Contact Us" with the project reference code RRC0060.

1. A new principle that places a direct and clear obligation on retailers to ensure hardship customers pay no more than the deemed better offer. The draft rule affords flexibility to the retailer in how they must meet this new principle — either by:

- providing a financial benefit under their current plan where they cannot obtain Explicit Informed Consent (EIC), such as a downward price adjustment, enduring discount or credit. The financial benefit must be the same monetary value the hardship customer would have received or saved if they were on the retailer's deemed better offer, or
- obtaining EIC and moving the hardship customers onto deemed better offer as per existing requirements under the National Energy Retail Law (NERL). Under rule 38 of the NERL, retailers must obtain a customer's EIC before they can move them onto a new contract, including a deemed better offer.

We propose recommending to energy ministers that compliance with this principle be a Tier 1 civil penalty.

2. Enhancing existing obligations with an additional principle that requires retailers to explicitly state in their hardship policy that they will check and offer the deemed better offer:

- upfront upon a customer joins the hardship program, and
- at least once every 100 days, or where the retailer and customer have agreed to a different billing cycle, in line with that billing cycle.

3. Adding new hardship program indicators that retailers would report to the AER. The AER must report this data in its annual retail market report. These include the total number and percentage of hardship customers on offers that are:

- a deemed better offer
- not a deemed better offer and reasons why (if known)
- above and below the standing offer.

Retailers would be required to use reasonable endeavours to determine why hardship customers are not on the best offer.

We consider that the draft rule contributes to our vision for [A consumer-focused net zero energy system](#), specifically our consumer priority that seeks to inform, empower and protect consumers individually and as a collective. The draft rule seeks to reduce the onus and burden for hardship customers to take action to move to a retailer's deemed better offer.

In making our draft rule, we have considered the National Energy Retail Objective (NERO) by applying the assessment criteria as outlined in the consultation paper. For the draft determination, we also had regard to promoting equitable energy outcomes across households experiencing hardship in terms of accessing or benefiting from their retailer's deemed better offer. This complements AEMC guidance³ that has been updated to ensure issues of equity are consistently and transparently addressed in a structured way when we are making rule changes and delivering recommendations — that is putting a consistent focus on accounting for the diversity of consumer needs, experiences and preferences; removing structural barriers to participation; and avoiding creating or exacerbating vulnerability.

The rule change request forms part of the broader ECMC consumer rule change package

The rule change request forms part of the broader ECMC consumer rule change package submitted on 12 and 28 August 2024. The package involves seven rule change requests that together seek to help households access cheaper energy deals, increase support for people experiencing hardship and deliver more protections for consumers.⁴

³ See AEMC guidance on “How the national energy objectives shape our decisions”.

⁴ The package of consumer-related rule change requests includes: [Ensuring energy plan benefits last the length of the contract](#) ; [Preventing price increases for a fixed period under market retail contracts](#) ; [Removing fees and charges](#) ; [Removing unreasonable conditional discounts](#) ; [Assisting hardship customers](#) ; [Improving the ability to switch to a better offer and improving the application of concessions to bills](#) .

A separate draft determination on four of the other rule change requests, consolidated into [Improving Consumer Confidence in Retail Energy plans](#) was also published on 24 April 2025. The remaining two rule changes ([Improving the ability to switch to a better offer](#) and [Improving the application of concessions to bills](#)) were released for consultation on 6 February 2025.

Broader reforms that intersect with the rule change

The AER is currently undertaking a [Review of the payment difficulty protections in the National Energy Customer Framework \(NECF\)](#) and the review forms part of the AER's broader [Towards energy equity](#) — a strategy for an inclusive energy market. The Commission considers that the broader issues related to payment difficulty raised by stakeholders could be addressed through AER's Review of payment difficulty protections in the NECF. We are engaging with the AER on these issues and will continue to consider interactions as the rule change progresses.

The Essential Services Commission of Victoria is considering this rule change proposal as part of its Review of the Energy Retail Code of Practice and expects to make a final decision on the reforms by June 2025. We are also engaging with the ESC VIC as part of this rule change.

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