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Rule change request

Strengthening standards for payment difficulty assistance

Proponent

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Summary

The Australian Energy Regulator (AER) is proposing an amendment to the National Energy Retail Rules (Retail Rules) to strengthen standards for payment difficulty assistance.

Our Review of payment difficulty protections in the National Energy Customer Framework (NECF) found that assistance provided under the current framework is often ineffective, places inappropriate expectations on customers and is provided in an inconsistent way across retailers. We identified opportunities to address this by strengthening standards for payment difficulty assistance, including by:

1. banning retailers from requiring proof of circumstances to access payment difficulty assistance
2. strengthening protections to make payment plans more affordable.

In our payment difficulty review, we consulted extensively and publicly on the nature of the problem this rule change request seeks to address. The consultation process and outcomes are recorded in the published findings report and consultation report, with stakeholder submissions and other outputs published on our website.

Our review found that customers aren't receiving consistent support and may have different experiences based on which retailer they are with, due to variations in retailer hardship policies and practices. Consumer stakeholders raised concerns that some retailers require customers to provide proof of circumstances before providing hardship assistance. We also found that payment plans are often unaffordable for customers, which can exclude customers from assistance and increase their risk of experiencing poor outcomes such as disconnection. Our performance reporting data shows that more than half of all payment plans have been cancelled for non-payment since 2019–20. While retailers must generally consider a customer's capacity to pay when setting up a payment plan, their processes for doing so can be very different. Too many customers agree to payment plans they can't afford because they feel pressured or uncertain of their options, or because they are threatened with disconnection.

Our proposed rule changes would address these issues, make customer experiences more consistent and meaningfully strengthen standards for payment difficulty assistance. Complementary changes to introduce minimum standards of assistance are being considered by governments as part of the Better Energy Customer Experiences reform program.

Description of the proposed rule change

We propose additions to the Retail Rules that would ban retailers from requiring documentary evidence as a precondition to providing payment difficulty assistance (proposed new rule 72(3)) and make payment plans more affordable (amendments to rule 72(1)). See Tables 1 and 2 for specific proposed amendments to the Retail Rules.

Table 1. Proposed amendments to ban retailers from requiring documentary evidence before providing payment difficulty assistance

Rule	Current text	Proposed amended text
Proposed new rule 72(3)	Not applicable.	*'A retailer must not require a customer or a third party acting on behalf of a customer to provide any documentary evidence of payment difficulty or hardship as a precondition to providing assistance to hardship customers or other residential customers experiencing payment difficulties.'* [added text in italics]

In proposing this drafting, we have referred to the example of existing rule 76I, which prohibits retailers from requiring documentary evidence as a precondition to accessing family violence protections or policies. We note that rule 33(4) means this protection would also apply to customers experiencing payment difficulties as specified in rule 33(1)(b). This is an efficient drafting approach to ensuring the protections apply to both hardship customers and customers experiencing payment difficulty. However, this would only be an appropriate approach if the AEMC implements our related rule change request to align the language in rule 33(1)(b) with the language in the National Energy Retail Law, which would simplify the eligibility framework and ensure that customers experiencing payment difficulty are protected by rules 33, 72 and 111(2) regardless of whether they have self-identified or are identified by their retailer. In addition, it is important to make clear that the proposed new rule is not limited to the provision of payment plans, but rather applies to all forms of payment difficulty assistance that retailers are required to provide.

Table 2. Proposed amendments to make payment plans more affordable

Rule	Current text	Proposed amended text
72(1) of the Retail Rules	'A payment plan for a hardship customer must: (a) be established having regard to: (i) the customer's capacity to pay; and (ii) any arrears owing by the customer; and (iii) the customer's expected energy consumption needs over the following 12 month period; and (b) include an offer for the customer to pay for their energy consumption in advance or in arrears by instalment payments.'	'A payment plan for a hardship customer must: (a) be established having regard to: (i) the customer's capacity to pay*, including any information or representations provided by the customer or a third party acting on behalf of the customer regarding what the customer can afford to pay*; and (ii) any arrears owing by the customer; and (iii) the customer's expected energy consumption needs over the following 12 month period; and (b) include an offer for the customer to pay for their energy consumption in advance or in arrears by instalment payments; *and (c) be reviewed and updated in response to any available information about changes in a customer's circumstances, including their capacity to pay, arrears and energy consumption needs.'* [added text in italics]

The proposed amendments to rule 72(1)(a)(i) will help make payment plans more affordable by requiring retailers consider information provided by customers (or their third-party representatives, such as financial counsellors) in determining capacity to pay, which would reduce the risk of customers feeling pressured to accept an unaffordable payment plan. The proposed addition of rule 72(1)(c) will help make payment plans more affordable by making them more flexible and responsive to customers' changing circumstances, which was emphasised by numerous stakeholders in our review (see pages 18–21 of our consultation report). These amendments would embed two key principles of the Sustainable Payment Plans Framework into the Retail Rules, ensuring more consistent support for customers experiencing payment difficulty.

These principles are:

- empathy and respect, which includes listening to what the customer is telling you about their circumstances and what they can afford to pay
- flexibility, which includes accepting that a customer's circumstances can change and responding respectfully to these situations.[1]

Statement of nature and scope of the issue

Our Review of payment difficulty protections in the NECF has found that there is a persistent assistance gap for customers experiencing payment difficulty, with an estimated 1.1% of customers (or over 75,000 households) in energy debt but not receiving assistance from their retailer in 2023−24. In 2024–25, 1 out of every 3 customers in energy debt were not receiving retailer assistance in the form of a payment plan or hardship program.[2] The review also found that assistance provided under the current payment difficulty framework is often ineffective, places inappropriate expectations on customers and is provided in an inconsistent way across retailers.

There is an opportunity to support better and more consistent consumer outcomes by explicitly banning retailers from requiring proof that a customer is experiencing payment difficulty before providing assistance. While it is important for retailers to be able to ask relevant and appropriate questions to tailor assistance (including to appropriately determine a customer's capacity to pay when establishing a payment plan), it is not appropriate that some customers may be asked to provide documentary evidence of their circumstances in order to get the help they are entitled to.

Our review's findings have been supported by subsequent research from the Consumer Policy Research Centre (CPRC), which surveyed financial counsellors to benchmark hardship support across the energy sector. The report showed significant variation in the quality of hardship assistance across retailers operating in the NECF, with overall scores varying from +58 to −20 (on a possible scale of +100 to −100). The two most common reasons for a negative rating were a rejection of hardship requests or inflexibility in providing hardship support (31%) and hardship support being difficult to access or untimely (12%). To address these issues, the report recommends providing dignified, consistent and tailored support without requiring customers to 'prove' hardship.[3]

We can also strengthen protections by making payment plans more affordable. Unaffordable payment plans harm customers when they force them to make choices between energy and food, medicine or housing. They also increase the risk of disconnection, given that one of the requirements that must be met for a customer to be disconnected for non-payment is for the customer to have refused or failed 2 payment plans. When asked what constitutes a good hardship response that would improve outcomes for customers, the most common answer provided by financial counsellors in CPRC's research was lower repayments and more affordable and flexible payment plans (49%).[4] Similarly, our consumer research found that people were significantly more likely to say that they found assistance from their retailer very helpful if they had been put on an

[1] AER, Sustainable Payment Plans Framework, 2016, p 1.

[2] AER, Annual retail markets report 2024–25, December 2025, p 103.

[3] CPRC, Rank the energy retailer 2025 report, p 23, 25, 48.

[4] CPRC, Rank the energy retailer 2025 report, p 43.

affordable payment plan. This was also the most common type of support received by people who found the assistance provided by their retailer very helpful.[5]

Unfortunately, there is evidence that many customers are on unaffordable payment plans. Our retail performance reporting data shows that more than half of all electricity payment plans have been cancelled for non-payment since 2019–20 (with 64.6% of electricity payment plans cancelled for non-payment in 2024–25).[6] Research provided by the Justice and Equity Centre found that 42% of disconnected customers were on a payment plan they couldn't afford.[7] To make payment plans more affordable, it is important that retailers take the customer at their word regarding capacity to pay, without seeking evidence. Stakeholders have also told us that flexibility in payment plans is critical to ensure that payment plans remain affordable when a customer's circumstances change. The benefits of making payment plans more flexible will be maximised if self-service options are more widely available to customers, particularly for customers who face greater barriers in engaging with their retailers.

More affordable and flexible payment plans will help customers experiencing payment difficulty better manage their energy costs, but must be complemented by other appropriate supports to reduce their energy costs in the long term. We know that many hardship customers continue to accrue further debt while on a payment plan, with over 50% of electricity hardship customers and over 40% of gas hardship customers on a payment plan less than their ongoing usage costs in 2024–25.[8] In 2023, we recommended game changer reforms that would lower energy costs for customers experiencing vulnerability, including automatic concessions and better offers, as well as a shared funding pool to improve access to debt relief, financial counselling and energy efficiency supports. The recent Assisting hardship customers rule change has progressed one of these reforms by ensuring that hardship customers pay no more than their retailer's best offer, but we continue to advocate for other game changer reforms.

Our Review of payment difficulty protections in the NECF identified further opportunities to ensure customers experiencing payment difficulty receive support to lower their energy costs by introducing minimum assistance standards. For example, these standards could require retailers assist customers experiencing payment difficulty to apply for concessions or to provide them with tools to manage their energy usage more effectively. These recommendations are being considered through Energy Ministers' Better Energy Customer Experiences reform program. The changes proposed in this rule change request would complement these other potential reforms (which would help customers reduce their energy costs) with more affordable and flexible payment plans that better help customers manage the energy costs they do incur.

Alignment with energy objective

The proposed rule change will contribute to achieving the National Energy Retail Objective by improving the price of energy services in the long-term interests of consumers of energy.

It may entail some implementation costs for those retailers who do not currently have effective processes in place to ensure payment plans are affordable and flexible, or who currently request

[5] Fonto, AER methods of payment research, AER, November 2024, p 54.

[6] AER, Annual retail markets report 2024–25, December 2025, p 81.

[7] JEC, Powerless: Debt and disconnection, 2024, p 31.

[8] AER, Annual retail markets report 2024–25, December 2025, p 94.

documentary evidence as a precondition to providing payment difficulty assistance. However, these costs may be offset by broader savings.

The change will improve access to assistance and make it easier for retailers to identify payment difficulty by encouraging more customers to self-identify to their retailer. This can help reduce long-term customer debt more effectively than disconnection. The proposed change will also make payment plans more affordable, which is likely to reduce costs associated with cancelled payment plans and subsequent disconnections.

Forthcoming research conducted for Energy Consumers Australia (soon to be made public) estimates that disconnections cost energy retailers over $10 million each year, which may be passed on to energy customers in the form of increased prices. Earlier modelling conducted by EY PJP for the AER estimated that disconnection of customers experiencing vulnerability specifically costs retailers $6 million each year.[9] In 2024–25, approximately a third of residential customers who were disconnected had been on a payment plan in the previous 12 months.[10]

The proposed rule change also supports the development and application of consumer protections for small customers, including (but not limited to) protections relating to hardship customers. This rule change will directly strengthen existing payment difficulty and hardship protections by reducing the barriers to accessing those protections and by making the assistance they require retailers to provide more effective. It will also support the application of those protections by improving consistency, simplifying compliance and enforcement.

Potential impacts of proposed change

This rule change will have benefits for consumers, retailers and market bodies.

The proposed new rule 72(3) will ensure customers are not required to provide proof of circumstances before accessing payment difficulty assistance. This will reduce the onus on customers and make it easier for customers to access assistance when needed. In addition, the proposed amendments to rule 72(1) will make payment plan assistance more effective and result in fewer cancelled payment plans and hardship arrangements. These changes will reduce the assistance gap and support greater trust in the energy market by making assistance more consistent across retailers.

Reducing the assistance gap will help reduce customer debt, prevent avoidable disconnections and reduce the risk of customers managing energy costs in ways that can be detrimental to their wellbeing, including by underconsuming energy or other essentials such as food and medical care. Reducing the number of payment plans and hardship programs cancelled for non-payment will also help prevent avoidable disconnections, given the link between payment plans and disconnection protections.

This rule change will support greater trust in the energy market by ensuring payment difficulty protections are more consistent across retailers and making it easier for customers to access assistance. This will benefit retailers by supporting a better disclosure environment, in which

[9] AER and EY Port Jackson Partners (EY PJP), Consumer vulnerability: A case for change, Australian Energy Regulator, 24 March 2022, p 59.

[10] AER, Annual retail markets report 2024–25, December 2025, pp 109–111.

customers are more likely to share information about vulnerabilities such as payment difficulty.[11] For example, customers are more likely to reach out for help if they are not asked to provide embarrassing evidence or sensitive documents to prove payment difficulty. This will make it easier for retailers to identify customers experiencing payment difficulty by encouraging more customers to self-identify to their retailer.

The proposed changes will also make it easier for retailers to understand and comply with their obligations in relation to providing assistance to customers experiencing payment difficulty. Embedding these protections in the Retail Rules, rather than in hardship policies, will ensure that they remain clear and consistent over time.

We do not expect this rule change to require updates to AER guidelines. This change may require some updates to regulatory guidance. However, we do not expect this to have material resourcing implications for the AER, provided there is sufficient flexibility to enable us to manage the development of this guidance within our existing resources. It may be possible to provide this guidance in or alongside implementation guidance following our current Retail guidelines review.

Summary of consultation

Through the Review of payment difficulty protections in the NECF, we consulted extensively with stakeholders on the nature of the problems this rule change request is responding to. Consultation included early engagement meetings with over 40 stakeholders, discussions with the AER's Customer Consultative Group, lived experience research, stakeholder workshops, listening sessions and site visits to retailer call centres. It also included a public formal submissions process, supported by a published issues paper which consulted specifically on this issue (see pages 22–23 and 37–39), as well as 2 public stakeholder forums. See the consultation report for further detail on consultation undertaken through the review and feedback received from stakeholders.

[11] C Fitch, D Holloway and C D'Arcy, Disclosure environments: Encouraging consumers to disclose a mental health problem, Money and Mental Health Policy Institute and Money Advice Trust, 2022