

Consultation paper

**National Energy Retail Amendment
(Strengthening standards for payment
difficulty assistance) Rule 2026**

Proponent

Australian Energy Regulator

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About the AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

Acknowledgement of Country

The AEMC acknowledges and shows respect for the Traditional Custodians of the many different lands across Australia on which we live and work. The AEMC office is located on the land of the Gadigal people of the Eora nation. We pay respect to all Elders past and present, and to the enduring connection of Aboriginal and Torres Strait Islander peoples to Country.



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Summary

- 1 This consultation paper seeks stakeholder feedback on the rule change request to strengthen standards for payment difficulty assistance submitted by the Australian Energy Regulator (AER) on 19 December 2025.
- 2 The rule change is one of five rule change requests submitted to the Australian Energy Market Commission (AEMC, or Commission) by the AER that together seek changes to the National Energy Retail Rules (NERR) to improve and enhance existing requirements so customers experiencing payment difficulty are engaged early, and effectively supported with assistance that is tailored to their individual circumstances.
- 3 The remaining four rule changes, which are being progressed via the streamlining payment difficulty protections rule change package, are:
 - [Clarifying disconnection protections.](#)
 - [Strengthening minimum disconnection protections.](#)
 - [Improving payment assistance information](#)
 - [Simplifying the eligibility framework for payment difficulty protections](#)
- 4 All five rule change requests stem from the AER's [Review of payment difficulty protections in the National Energy Customer Framework](#) (the Review). The AER findings report was published on 15 May 2025 and was presented to the Energy and Climate Change Ministerial Council (ECMC), outlining 13 identified opportunities for reform.¹
- 5 This rule change request aligns with our vision for [a consumer-focused net zero energy system](#), that seeks to inform, empower and protect consumers individually and as a collective.
- 6 We note the ECMC, through the Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW), is progressing the Better Energy Customer Experiences (BECE) work to understand reforms needed to modernise and ensure the consumer protections framework is fit for purpose for the evolving energy market. We will have regard to these reforms and ECMC's consideration of consumer protections related to payment difficulty, as set out in the AER's findings report, in particular, the consideration of a single, consistent definition for customers experiencing payment difficulty.²

The rule change proposes to strengthen standards for payment difficulty assistance

- 7 The AER outlined in its rule change request that assistance provided under the current framework is often ineffective, places inappropriate expectations on customers and is provided in an inconsistent way across retailers.³
- 8 It noted as part of its Review, stakeholders raised concerns that some retailers require customers to provide proof of circumstances before providing hardship assistance. The AER highlighted that while it is important for retailers to be able to ask relevant and appropriate questions to tailor assistance, it is not appropriate that some customers may be asked to provide documentary evidence of their circumstances to get the help they are entitled to.⁴

1 AER, Review of payment difficulty protections in the National Energy Customer Framework, [Findings Report](#), 2025.

2 ECMC, [Meeting Communiqué](#), 16 December 2025.

3 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.2.

4 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.3.

- 9 The AER also identified problems with payment plans failing because they are either not aligned with a customer’s capacity to pay at the time they are first established or become unaffordable for some customers due to a change in their circumstances, which is not reflected in the plan.
- 10 The AER proposed the following amendments to the NERR:
- Banning retailers from requiring documentary evidence as a precondition to providing payment difficulty assistance to customers experiencing payment difficulty or hardship.
 - Strengthening protections to make payment plans more affordable by requiring:
 - retailers to consider 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 in determining capacity to pay a payment plan
 - payment plans to 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.
- 11 In summary, the AER considers the proposed changes will achieve the national energy retail objective (NERO) by:
- strengthening existing payment difficulty and hardship protections by removing barriers to access payment difficulty assistance, making customer experiences more consistent across retailers
 - making payment plans more affordable and flexible and responsive to customers’ changing circumstances
 - aligning with complementary changes to introduce minimum standards of assistance for customers experiencing payment difficulty, which are being considered by ECOM in response to the AER’s Review
 - making it easier for retailers to identify payment difficulty by encouraging more customers to self-identify with their retailer.

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

- 12 Considering the NERO⁵ and the issues raised in the rule change request, the Commission proposes to assess the rule change request against the four assessment criteria outlined below.
- **Outcomes for consumers.** We will consider whether the proposed rule change would:
 - be compatible with or strengthen existing consumer protections, including any interactions
 - take into account consumer insights/behaviour and preferences
 - promote equity, so that customers experiencing payment difficulties receive support and protections needed to access assistance, particularly those who may face barriers to engaging with their retailer.
 - **Principles of market efficiency.** We will consider the impact of changes to:
 - current retailer processes to engage with customers in a way that suits their needs
 - current risk allocation between retailers and customers experiencing payment difficulties
 - transparency of information, including information provided by customers, in determining capacity to pay

5 Section 13 of the NERL.

- structural barriers enabling consumers to access assistance relating to payment difficulties.
- **Implementation considerations.** We will consider the:
 - cost and complexity for retailers, ensuring sufficient implementation flexibility is provided
 - impact on market bodies and across different groups of consumers.
- **Principles of good regulatory practice.** We will consider principles of good regulatory practice, including:
 - whether the changes would promote simplicity and transparency of information and assistance
 - how this rule would interact with recommendations made under the Review of payment difficulty protections in the National Energy Customer Framework (NECF) sought through ECMC, and the streamlining payment difficulty protections rule change package
 - how prescriptive or outcomes-based the rules in the NERR need to be, in order to uphold the long term interests of consumers
 - how the proposed change would align with the Victorian Energy Retail Code of Practice.

Submissions are due by 30 July 2026 with other engagement opportunities to follow

- 13 There are multiple ways to provide your feedback throughout the rule change process.
- 14 Written submissions responding to this consultation paper must be lodged with the Commission by 30 July 2026 via the Commission's website, www.aemc.gov.au.
- 15 There are other opportunities for you to engage with us, such as one-on-one discussions or industry briefing sessions. See the section of this paper about "How to engage with us" for further instructions and contact details for the project leader.

Full list of consultation questions

Question 1: Banning retailers from requiring documentary evidence to access payment difficulty assistance

1. What are the impacts of not requiring documentary evidence from customers in accessing payment difficulty assistance?
2. Would banning retailers from requiring evidence to access payment difficulty assistance reduce barriers customers face in seeking support?
3. Should retailers be able to require documentary evidence for some kinds of payment difficulty assistance? Does this matter for some types of assistance more than others?

Question 2: Requiring retailers to consider information or representations by customers (or third-party) and changes of circumstances in determining capacity to pay/developing payment plans

1. How should retailers consider information provided by consumers including via newer digital means (ie chatbots etc)?

2. How should retailers consider information from third-party representatives (including, but not limited to, financial counsellors and community advocates) in determining a customer's capacity to pay? How is this information balanced against other factors, such as energy consumption and arrears?

Question 3: Assessment framework

1. Do you agree with the proposed assessment criteria? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

How to make a submission

We encourage you to make a submission

Stakeholders can help shape the solutions by participating in the rule change process. Engaging with stakeholders helps us understand the potential impacts of our decisions and, in so doing, contributes to well-informed, high-quality rule changes.

We have included questions in each chapter to guide feedback, and the full list of questions is above. However, you are welcome to provide feedback on any additional matters that may assist the Commission in making its decision.

How to make a written submission

Due date: Written submissions responding to this consultation paper must be lodged with the Commission by 30 July 2026.

How to make a submission: Go to the Commission’s website, www.aemc.gov.au, find the “lodge a submission” function under the “Contact Us” tab, and select the project reference code RRC0074.⁶

Tips for making submissions are available on our website.⁷

Publication: The Commission publishes submissions on its website. However, we will not publish parts of a submission that we agree are confidential, or that we consider inappropriate (for example offensive, defamatory, vexatious or irrelevant content, or content that is likely to infringe intellectual property rights).⁸

Other opportunities for engagement

There are other opportunities for you to engage with us, such as one-on-one discussions or industry briefing sessions.

Table 1: Key dates

Consultation paper published	18 June 2026
Close of stakeholder submissions	30 July 2026
Draft determination published	10 September 2026
Close of stakeholder submissions	22 October 2026
Final determination published	3 December 2026

For more information, you can contact us

Please contact us with questions or feedback at any stage, noting the project code.

Email: aemc@aemc.gov.au
Telephone: (02) 8296 7800

⁶ If you are not able to lodge a submission online, please contact us and we will provide instructions for alternative methods to lodge the submission

⁷ See: <https://www.aemc.gov.au/our-work/changing-energy-rules-unique-process/making-rule-change-request/submission-tips>

⁸ Further information is available here: <https://www.aemc.gov.au/contact-us/lodge-submission>

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1 The AER has proposed changes to strengthen payment difficulty assistance

This consultation paper is intended to seek stakeholder feedback on the Strengthening standards for payment difficulty assistance rule change request submitted by the Australian Energy Regulator (AER) on 19 December 2025.

Five rule change requests were submitted to the Australian Energy Market Commission (AEMC, or Commission) by the AER following its [Review of payment difficulty protections in the National Energy Customer Framework](#) (the Review). The Review identified a range of issues affecting how customers experiencing payment difficulties are identified, supported and protected under the current framework.

The five rule requests are:

- [Clarifying disconnection protections.](#)
- [Simplifying the eligibility framework for payment difficulty protections.](#)
- [Strengthening standards for payment difficulty assistance.](#)
- [Improving payment assistance information.](#)
- [Strengthening minimum disconnection protections.](#)

Together, these rule change requests seek to address customer access to assistance, payment plan settings, information about assistance and disconnection protections through amendments to the National Energy Retail Rules (NERR).

Four of these proposals are being considered under the AEMC's fast-track rule process. The [Streamlining payment difficulty protections](#) draft determination and draft rule were published on 18 June 2026 in relation to these rule change requests.⁹

This chapter outlines the:

- issues raised and proposed changes for the rule change request
- current arrangements for payment difficulty under the NERL and NERR
- AER's Review of payment difficulty protections in the National Energy Customer Framework
- broader reforms occurring that intersect with this rule change.

1.1 The AER proposed changes to strengthen standards for payment difficulty assistance

The AER outlined in its rule change request that assistance provided under the current framework is often ineffective, places inappropriate expectations on customers, and is inconsistent across retailers.¹⁰ This was based on its Review findings that there is a persistent assistance gap for customers experiencing payment difficulty, with 1 out of every 3 customers in energy debt not receiving retailer assistance in the form of a payment plan or hardship program in 2024-2025.¹¹

As part of the AER's Review, stakeholders raised concerns that some retailers require customers to provide proof of circumstances before providing hardship assistance. The AER highlighted that while it is important for retailers to ask relevant and appropriate questions to tailor assistance, it is

⁹ AEMC, Streamlining payment difficulty protections draft determination, 2026.

¹⁰ AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.2.

¹¹ AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.3.

not appropriate to ask some customers to provide documentary evidence of their circumstances for them to obtain the help they are entitled to.¹²

The AER also made reference to the findings of its Review, which found too many customers may agree to payment plans they can't afford because they feel pressured or uncertain of their options, or because they are threatened with disconnection.¹³

The AER proposes three main changes to:

- Ban retailers from requiring documentary evidence as a precondition to providing payment difficulty assistance to customers experiencing payment difficulty or hardship.¹⁴
- Strengthen protections to make payment plans more affordable by:
 - requiring retailers to consider 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 in determining capacity to pay a payment plan
 - requiring payment plans to 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.¹⁵

The AER outlined in its rule change request that the proposed changes would directly strengthen existing payment difficulty and hardship protections by reducing the barriers to accessing those protections and by making the assistance retailers are required to provide more affordable.¹⁶

Further details on the issues raised by the AER and proposed solutions are provided in chapter 2 and chapter 3 of this paper.

1.2 Current protections for payment difficulty and hardship customers

Under the National Energy Customer Framework (NECF), there are a range of provisions that aim to protect and assist consumers when they are experiencing payment difficulties with their energy bills or are in financial difficulty due to hardship.¹⁷

Under the NERR and the National Energy Retail Law (NERL), payment difficulty and hardship are referred to as follows:

- Hardship - a residential customer of a retailer who is identified as a customer experiencing financial payment difficulties due to hardship, in accordance with the retailer's customer hardship policy.¹⁸
- Payment difficulty - other residential customers experiencing payment difficulties.¹⁹

For customers experiencing payment difficulties, the rules rely more heavily on retailer engagement and general payment support arrangements. The current framework provides stronger and more specific protections for hardship customers than for other customers experiencing payment difficulties. This distinction is relevant to the current proposals because the

¹² AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.3.

¹³ AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.1.

¹⁴ AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.1.

¹⁵ AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.2.

¹⁶ AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.5.

¹⁷ NERL, the NERR, the AER's Customer Hardship Policy Guideline, 2019 and the AER's Sustainable Payment Plans Framework, 2016. Note that these instruments do not apply in all jurisdictions. The NECF applies in the Australian Capital Territory, New South Wales, South Australia, Queensland and Tasmania. In Victoria, Chapter 5A of the NER, which is a part of the NECF, is also applied.

¹⁸ NERL, s 2(1), Section 43 and Section 44.

¹⁹ NERL, Section 50(1)(b) and NERR 33(1)(b).

AER considers that some customers may face barriers to assistance even before they enter a formal hardship program.²⁰

We note that the AER Review recommended a single, consistent definition for customers experiencing payment difficulty be introduced. This is to make it easier to know who should be receiving assistance. This proposal is currently under consideration by ECMC, as it requires changes to the NERL.

Victoria has its own payment difficulty framework, and consumers in Victoria are protected under the Victorian Energy Retail Code of Practice. We are liaising with the Essential Services Commission of Victoria (ESC VIC) as part of this rule change and aiming to align with the Victorian retail code where possible.

1.3 The AER's Review of payment difficulty protections in the National Energy Customer Framework

The AER published its findings report on the [Review of payment difficulty protections in the National Energy Customer Framework](#) (the Review).²¹

The AER's Review considered whether there is a case for change to strengthen protections for customers experiencing payment difficulty to ensure that they are proactively identified, engaged early and supported appropriately with assistance that is tailored to their individual circumstances.

The Review identified 13 opportunities for improving the current framework, specifically to improve how customers experiencing payment difficulty are identified, engaged and supported.²² These opportunities were centred around the following key aims, making:

- it easier to know who should be receiving assistance and for customers to know what assistance is available
- it easier for customers to access assistance and making it more effective
- sure disconnection is only used as a last resort and reducing the harm it causes.²³

The AER's Review identified opportunities related to:

- the definition of payment difficulty and strengthening the principle for disconnection, outlining some of these changes proposed will require legislative reform
- strengthening protections on retailer assistance and information provision, outlining some of these changes proposed would require changes to the NERR
- alternatives to disconnection, which would require further analysis and consultation to address them.

The AER stated that together these changes, if implemented, would:

- improve protections and outcomes for customers experiencing payment difficulty
- make customer experiences more consistent and support greater awareness
- simplify regulatory compliance for retailers by having a simpler eligibility framework, clearer minimum standards and greater consistency across jurisdictions

²⁰ AER, Review of payment difficulty protections in the National Energy Customer Framework, Findings Report, 2025, p.21.

²¹ AER, Review of Payment difficulty protections in the National Energy Customer Framework, Findings report, 2025.

²² AER, Review of Payment difficulty protections in the National Energy Customer Framework, Findings report, 2025.

²³ AER, Review of Payment difficulty protections in the National Energy Customer Framework, Findings report, 2025, p. 1.

- reduce debt burden by better ensuring retailers engage with customers experiencing payment difficulty proactively and effectively.

The AER's Review also found that there is a persistent assistance gap, meaning some customers are missing out on help, and retailer practices and their hardship policies vary, which can lead to different customer experiences depending on the retailer.²⁴ In addition, the AER identified concerns that some customers may face barriers to assistance, with many experiencing inconsistent engagement during the disconnection process.²⁵ For many consumers, this may place the onus of receiving support solely on them, potentially delaying or discouraging access to help. For retailers, it raises questions about the consistency of practice and the operational design of assistance processes.²⁶

The rule changes considered in this consultation paper most closely align with recommendations 6 and 8 of the Review, which identified opportunities to:²⁷

- ban retailers from requiring proof of circumstances to access payment difficulty assistance
- strengthen protections to make payment plans more affordable.

1.4 Broader reforms that intersect with this rule change

The Commission also notes the ECMC, led by the Department of Climate Change, Energy, the Environment and Water (DCCEEW), is progressing the [Better Energy Customer Experiences \(BECE\) work](#) to understand reforms needed to modernise and ensure the consumer protections framework is fit for purpose for the evolving energy market.

The key focus of the Review is the NECF, given it is the primary national regulatory framework providing energy-specific protections to consumers. However, consideration will also be given to other related legislation, frameworks and policy settings, including the Australian Consumer Law, state and territory-based legislation, and the New Energy Tech Consumer Code.

[The AER is also considering related changes proposed in these rule changes as part of its Retail guidelines review](#). We will engage with the AER to ensure alignment and minimise duplication arising from an additional review of relevant guidelines to this request. The AER expects to publish a final version of the combined guidelines in September 2026.

The Commission will have regard to these broader reforms for this rule change request and to ECMC's consideration of the broader payment difficulty reforms set out in the AER's final report.²⁸

24 AER, Review of Payment difficulty protections in the National Energy Customer Framework, Findings report, 2025, pp. 6-9.

25 AER, Review of Payment difficulty protections in the National Energy Customer Framework, Findings report, 2025, p. 15.

26 AER, Review of Payment difficulty protections in the National Energy Customer Framework, Findings report, 2025, p. 8.

27 AER, Review of Payment difficulty protections in the National Energy Customer Framework, Findings report, 2025, p. 5.

28 ECMC, [Meeting Communiqué](#), 16 December 2025.

2 Banning documentary evidence to access payment difficulty assistance

This chapter outlines:

- key issues raised in the rule change request
- the proposal raised in the rule change request to ban retailers from requiring documentary evidence from customers experiencing payment difficulties
- issues that we will consider in assessing this rule change request.

2.1 Existing arrangements and issues raised in the rule change request

As noted in chapter 1, there are a number of provisions under the NERL and NERR to protect and assist consumers when they are experiencing payment difficulties with their energy bills or in financial difficulty due to hardship. Currently, the NERR is silent on what (if anything) a consumer must do or provide to retailers to prove eligibility for assistance for payment difficulty. Therefore, retailers are not prevented from requiring documentary evidence of the customer's payment difficulty.

In its rule change request, the AER identifies a range of issues customers face when seeking payment difficulty assistance and when providing documentary evidence of payment difficulty. These include:²⁹

- customer experiences varying between retailers when accessing payment difficulty assistance
- inappropriate expectations on customers to provide documentary evidence
- documentary evidence potentially impacting on the willingness of a customer to engage with the retailer or disclose financial challenges.

These are outlined in more detail below.

2.1.1 Customer experiences vary between retailers when accessing payment difficulty assistance

The AER outlined in its rule change request that there are differences in how retailers determine who is eligible for payment difficulty and hardship assistance and how they tailor support.³⁰

The AER noted that while some retailers take a proactive approach to providing payment difficulty assistance, most customers are not receiving consistent support and may have different experiences based on which retailer they are with.³¹

This was based on the AER's Review. It found a lack of consistency among retailers may result in some retailers offering assistance to a broader cohort of customers while others, for example, restrict assistance to customers experiencing the list of circumstances set out in the AER's Customer Hardship Policy Guidelines.³² The AER notes that where some retailers treat this list as exhaustive other customers who do not fit these specific circumstances but are in need of hardship assistance may not receive it.³³

It noted there is a persistent assistance gap for customers experiencing payment difficulty, with an estimated 1.1 per cent of customers (or over 75,000 households) in energy debt but not receiving

29 AER, Strengthening standards for payment difficulty assistance rule change request, 2025.

30 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.1.

31 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.1.

32 AER, Review of payment difficulty protections in the NECF – Consultation report, 2025, p. 12.

33 AER, Review of payment difficulty protections in the NECF – Consultation report, 2025, p. 12.

assistance from their retailer in 2023–24.³⁴ 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.³⁵

The AER, therefore, considers explicitly banning retailers from requiring documentary evidence provides an opportunity to support better and more consistent consumer outcomes.³⁶

2.1.2 Inappropriate expectations on customers to provide documentary evidence

The AER outlined that under the current payment difficulty framework, assistance provided by retailers can place inappropriate expectations on customers.³⁷ For example, the AER noted that some retailers require customers to provide documentary evidence of circumstances before providing hardship assistance.³⁸

The AER notes that 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). However, it considers that 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.³⁹

2.1.3 Customers’ willingness to engage with the retailer or disclose financial challenges

In its Review, the AER found that the requirement for customers to provide sensitive evidence, compounded by stigma around ‘hardship’, can contribute to less engagement from customers and a less forthcoming disclosure environment. This can reduce early engagement from both customers and retailers, and make it harder for retailers to identify customers experiencing payment difficulties.⁴⁰

The AER considers this means that when retailers require customers to provide evidence to access assistance, customers may be less willing to disclose that they are experiencing hardship or struggling to pay their energy bills. The AER noted that, as a result, some customers cut back on other spending (including spending on other essential or important costs) before engaging with their retailer.⁴¹

The AER considers customers are more likely to seek help or disclose payment difficulty if they are not asked to provide embarrassing evidence or sensitive documents.⁴²

2.2 The AER proposed banning retailers from requiring documentary evidence to receive payment difficulty assistance

The AER proposed banning retailers from requiring documentary evidence as a precondition to providing payment difficulty assistance to customers experiencing payment difficulty or hardship.⁴³

34 AER, Annual retail markets report 2024–25, 2025, p. 103.

35 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.3.

36 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.3.

37 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.1.

38 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.1.

39 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.3.

40 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, pp.5-6. See also Energy & Water Ombudsman NSW, Spotlight On - The harms of disconnection, 2026.

41 AER, Review of payment difficulty protections in the NECF – Consultation report, 2025, pp. 15-16.

42 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.6.

43 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.6.

The AER outlined this may mean that, where a customer indicates – whether verbally or in writing – they are having trouble paying their energy bills, the retailer should take the customer at their word regarding capacity to pay (without seeking evidence).⁴⁴ This change will enable customers to more easily access the payment difficulty assistance they are entitled to.⁴⁵

The proposed rule change is based on similar provisions in the NERR, which prohibit retailers from requiring documentary evidence as a precondition to accessing family violence protections or policies.⁴⁶

The AER notes proposed changes to apply to both customers experiencing payment difficulty and those experiencing hardship would require changes to the eligibility framework related to the inconsistency between the NERL and the NERR for payment difficulty, which is being considered under the Streamlining payment difficulty protections rule change package.⁴⁷ The draft rule for that rule change addresses inconsistent wording between the Retail Law and Retail Rules, to ensure customers receive payment assistance regardless of whether they self-identify or are identified by their retailer.⁴⁸

In summary, the AER considers the proposed change would:⁴⁹

- remove barriers to accessing assistance and make customer experiences more consistent across retailers
- align with complementary changes to introduce minimum standards of assistance for customers experiencing payment difficulty being considered by ECMC.

2.3 Key considerations for the rule change request

In assessing the rule change request, we will have regard to the following considerations and relevant reviews and research undertaken to date, including the AER's review of payment difficulty in the NECF:⁵⁰

- **Clarity around the definition 'documentary evidence'**, including what should be considered as documentary evidence included in the ban.
- **Implementation considerations**, including:
 - Any unintended consequences of a ban on the way retailers interact with customers. This includes any impacts on a retailer's ability to request reasonable information to assist a customer experiencing payment difficulty. For example, proof of homeownership where a retailer has offered to install free energy-efficient appliances (water heaters, etc.) as part of a hardship program.
- **Alignment with existing frameworks**: the extent to which the proposed changes align with the Victorian electricity retail code of practice (the Code), and the extent to which this would be a beneficial outcome for consumers. While the Code does not explicitly ban requiring documentary evidence, it provides a positive obligation on retailers to provide assistance to all customers who fall into debt. We will consider whether a similar obligation would strengthen standards for payment difficulty assistance.

44 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.4.

45 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.6.

46 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.2.

47 AEMC, Streamlining payment difficulty protections draft determination, 2026.

48 AEMC, Streamlining payment difficulty protections draft determination, 2026.

49 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.1.

50 Other research includes but is not limited to Energy & Water Ombudsman NSW, Spotlight On - The harms of disconnection, 2026; Retail energy market performance updates 2025-2026; Justice and Equity Centre, Powerless: Debt and disconnection, 2025.

Question 1: Banning retailers from requiring documentary evidence to access payment difficulty assistance

1. What are the impacts of not requiring documentary evidence from customers in accessing payment difficulty assistance?
2. Would banning retailers from requiring evidence to access payment difficulty assistance reduce barriers customers face in seeking support?
3. Should retailers be able to require documentary evidence for some kinds of payment difficulty assistance? Does this matter for some types of assistance more than others?

3 Making payment plans more affordable

This chapter outlines the:

- existing arrangements under the NERR regarding what retailers should consider in determining a customer’s capacity to pay within the context of developing a payment plan
- key issues raised in the rule change request related to how retailers consider information relating to a customer’s circumstances that may be in payment difficulty, including hardship
- the proposal raised in the rule change request to make payment plans more affordable
- key considerations we will consider for this aspect of the rule change request.

3.1 Existing arrangements for payment plans

Under the NERR, there are requirements for retailers to consider in establishing a payment plan for a hardship customer or customer experiencing payment difficulty.⁵¹ The retailer must have regard to:

- the customer’s capacity to pay
- any outstanding bills owed by the customer
- the customer’s expected energy consumption needs over the following 12-month period.

A payment plan for a customer in payment difficulty or a hardship customer must include an offer for the customer to pay for their energy consumption in advance or in arrears by instalment payments.⁵² Likewise, a retailer must provide those customers with information about the availability of government-funded energy charge rebate, concession or relief schemes.⁵³

While the NERR requires retailers to consider capacity to pay, it does not specify what information retailers must consider in determining capacity to pay.

3.2 Key issues raised in the rule change request

The AER identified a range of issues customers face when on a payment plan.

The AER considers that payment plans:

- are unaffordable because they are not aligned with a customer’s capacity to pay at the time they are first established
- become unaffordable for some customers due to a change in the customer’s circumstances that is not reflected in the plan.⁵⁴

3.2.1 The AER considers some payment plans are not aligned with a customer’s capacity to pay

The AER considers payment plans are often unaffordable for customers, which can exclude them from assistance and increase their risk of experiencing poor outcomes such as disconnection.⁵⁵

The AER found, as part of its Review, that 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.⁵⁶

51 NERR rule 72 (1) and 33(1),(4).

52 NERR rule 72(1)(b).

53 NERR rule 33(3).

54 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.2.

55 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.3.

56 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.3.

It was noted many customers agree to payment plans they cannot afford because they feel pressured or uncertain of their options, or because they are threatened with disconnection.⁵⁷

It was highlighted:

- Many hardship customers continue to accrue further debt while on a payment plan, with over 50 per cent of electricity hardship customers and over 40 per cent of gas hardship customers on a payment plan less than their ongoing usage costs in 2024–25.⁵⁸ This is supported by recent AER reporting data, which noted at 30 June 2025 over 60,000 customers in a hardship program were paying less than usage costs, which represents over 50 per cent of hardship program customers.⁵⁹
- More than half of all payment plans have been cancelled for non-payment since 2019–20 (with 64.6 per cent of electricity payment plans cancelled for non-payment in 2024–25).⁶⁰ Repeated failure to make payments is a criterion for disconnection, and the AER found that cancellations of payment plans often lead to escalated collection action and eventual disconnection.⁶¹
- Research from the Justice and Equity Centre found that 42 per cent of disconnected customers had been on a payment plan they could not afford before being disconnected.⁶²

The AER considers it important that retailers take the customer’s word regarding capacity to pay, without seeking evidence. Further, flexibility in payment plans is critical to ensure they 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.⁶³

3.3 The AER proposes changes to make plans more affordable

While chapter 2 focused on *accessing* payment difficulty assistance, the proposals in this chapter focus on what information retailers should consider when establishing a payment plan and how they should respond to changes in a customer’s circumstances.

3.3.1 Requiring retailers to consider information provided by customers and their third parties

The AER has proposed requiring retailers to consider information or representations provided by customers (or their third party representatives, such as financial counsellors) regarding what the customer can afford as part of assessing a customer’s capacity to pay and establishing a payment plan. This aims to reduce the risk that customers feel pressured to accept arrangements they cannot afford and make payment plans more affordable.⁶⁴

3.3.2 Requiring retailers to review and update payment plans in response to information about a change in a customer’s circumstances

The AER has proposed retailers should be required to review and update a payment plan for a hardship customer or a customer experiencing payment difficulty in response to any available

57 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.1.

58 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.2.

59 AER, Annual retail markets report 2024–25, p.97.

60 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.2.

61 AER, Review of payment difficulty protections in the NECF – Consultation report, 2025, p.23.

62 JEC, Powerless: Debt and disconnection, 2025, p 31.

63 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.1.

64 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.2.

information about changes in a customer's circumstances, including their capacity to pay, arrears and energy consumption needs.⁶⁵

It was noted payment plans are a valuable tool for supporting customers experiencing payment difficulty, provided that a customer's individual circumstances and capacity to pay is effectively taken into account.⁶⁶

The AER considers the proposed change will help make payment plans more flexible and responsive to customers' changing circumstances.⁶⁷

3.4 Key considerations for the rule change request

In assessing the rule change request, we will have regard to the following considerations and the relevant reviews and research undertaken to date, including the AER's Review of payment difficulty in the NECF:⁶⁸

- **Whether and how retailers currently consider information and representations by customers regarding capacity to pay.** We will consider how retailers currently consider information provided by customers about their capacity to pay, including in the context of technological advancements in customer communications (for example, AI agents or chatbots provided on retailer websites).
- **How flexible payment plans are,** including what steps the customer must take to adjust a payment plan, how this differs between retailers, and the extent to which payment plans are currently reviewed and updated in response to new information about a customer's capacity to pay.
- **Payment plans that don't cover consumption or existing debt,** and the challenges these raise for customers and retailers in addressing payment difficulty and hardship over the long term.
- **Alignment with existing frameworks.** The extent to which the proposed changes align with the Victorian Code, and the extent to which this would be a beneficial outcome for consumers.
- **Implementation:** Whether the proposed changes will have any unintended impacts on retailers or consumers.

Question 2: Requiring retailers to consider information or representations by customers (or third-party) and changes of circumstances in determining capacity to pay/developing payment plans

1. How should retailers consider information provided by consumers including via newer digital means (ie chatbots etc)?
2. How should retailers consider information from third-party representatives (including, but not limited to, financial counsellors and community advocates) in determining a customer's capacity to pay? How is this information balanced against other factors, such as energy consumption and arrears?

65 AER, Strengthening standards for payment difficulty assistance rule change request, 2025, p.2.

66 AER, Review of payment difficulty protections in the NECF – Consultation report, 2025, p.23.

67 AER, Strengthening standards for payment difficulty assistance, p.2

68 Other research includes but not limited to Energy and Water Ombudsman NSW, Spotlight on disconnections report, 2026; Retail energy market performance updates 2025-2026; Justice and Equity Centre, Powerless: Debt and disconnection, 2025.

4 Making our decision

When considering a rule change proposal, the Commission considers a range of factors.

This chapter outlines:

- issues the Commission must take into account
- the proposed assessment framework
- decisions the Commission can make.

We would like your feedback on the proposed assessment framework.

4.1 The Commission must act in the long-term interests of consumers

The Commission is bound by the National Energy Retail Law (NERL) to only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the national energy retail objective (NERO).⁶⁹

The NERO is:⁷⁰

to promote efficient investment in, and efficient operation and use of, energy services for the long-term interests of consumers of energy with respect to—

- (a) price, quality, safety, reliability and security of supply of energy; and
- (b) the achievement of targets set by a participating jurisdiction—
 - (i) for reducing Australia’s greenhouse gas emissions; or
 - (ii) that are likely to contribute to reducing Australia’s greenhouse gas emissions.

The [targets statement](#), available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NERO, with respect to s 13(b) of the NERL.⁷¹

The Commission must also, where relevant, satisfy itself that the rule is “compatible with the development and application of consumer protections for small customers, including (but not limited to) protections relating to hardship customers” (the consumer protections test).⁷² Where the consumer protections test is relevant in the making of a rule, the Commission must be satisfied that both the NERO test and the consumer protections test have been met.⁷³ If the Commission is satisfied that one test, but not the other, has been met, the rule cannot be made (noting that there may be some overlap in the application of the two tests).

The Commission is also required to have regard to any relevant Ministerial Council of Energy (MCE) statement of policy principles.⁷⁴

69 Section 236 of the NERL.

70 Section 13 of the NERL.

71 Section 224A(5) of the NERL.

72 Section 236(2)(b) of the NERL.

73 That is, the legal tests set out in sections 236(1) and (2)(b) of the NERL.

74 Section 236(2)(c) of the NERL. There are currently no relevant MCE statements of policy principles. MCE is defined in section 2(1) of the NERL to mean a council/body of Ministers responsible for energy matters, comprising Commonwealth, State and Territory Ministers.

4.2 We propose to assess the rule change using these four criteria

4.2.1 Our regulatory impact analysis methodology

Considering the NERO and the issues raised in the rule change request, the Commission proposes to assess this rule change request against the set of criteria outlined below. These assessment criteria reflect the key potential impacts - costs and benefits - of the rule change request. We consider these impacts within the framework of the NERO.

The Commission's regulatory impact analysis may use qualitative and/or quantitative methodologies. The depth of analysis will be commensurate with the potential impacts of the proposed rule change. We may refine the regulatory impact analysis methodology as this rule change progresses, including in response to stakeholder submissions.

Consistent with good regulatory practice, we also assess other viable policy options - including not making the proposed rule (a business-as-usual scenario) and making a more preferable rule - using the same set of assessment criteria and impact analysis methodology where feasible.

4.2.2 Assessment criteria and rationale

The proposed assessment criteria for the rule change request being considered are as follows:

- **Outcomes for consumers.** We will consider whether the proposed rule change would:
 - be compatible with or strengthen existing consumer protections, including any interactions
 - take into account consumer insights/behaviour and preferences
 - promote equity, so that customers experiencing payment difficulties receive support and protections needed to access assistance, particularly those who may face barriers to engaging with their retailer.
- **Principles of market efficiency.** We will consider the impact of changes to:
 - current retailer processes to engage with customers in a way that suits their needs
 - current risk allocation between retailers and customers experiencing payment difficulties
 - transparency of information, including information provided by customers, in determining capacity to pay
 - structural barriers enabling consumers to access assistance relating to payment difficulties.
- **Implementation considerations.** We will consider the:
 - cost and complexity for retailers, ensuring sufficient implementation flexibility is provided
 - impact on market bodies and across different groups of consumers.
- **Principles of good regulatory practice.** We will consider principles of good regulatory practice, including:
 - whether the changes would promote simplicity and transparency of information and assistance
 - how this rule would interact with recommendations made under the AER's Review of payment difficulty protections which are being progressed through ECMC, and the streamlining payment difficulty protections rule change package
 - how prescriptive or outcomes-based the rules in the NERR need to be, in order to uphold the long term interests of consumers
 - how the proposed change would align with the Victorian Energy Retail Code of Practice.

Question 3: Assessment framework

1. Do you agree with the proposed assessment criteria? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

4.3 We have three options when making our decision

After using the assessment framework to consider the rule change request, the Commission may decide:

- to make the rule as proposed by the proponent⁷⁵
- to make a rule that is different to the proposed rule (a more preferable rule), as discussed below, or
- not to make a rule.

The Commission may make a more preferable rule (which may be materially different to the proposed rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule will or is likely to better contribute to the achievement of the NERO.⁷⁶

⁷⁵ AER, Strengthening standards for payment difficulty assistance rule change request, 2025, pp.2-3.

⁷⁶ Section 244 of the NERL.

Abbreviations and defined terms

AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
BECE	Better Energy Customer Experiences
Commission	See AEMC
DCCEEW	The Department of Climate Change, Energy, the Environment and Water
ECMC	The Energy and Climate Change Ministerial Council
ESC Victoria	Essential Services Commission of Victoria
MCE	Ministerial Council on Energy
NECF	National Energy Customer Framework
NEL	National Electricity Law
NEM	National Electricity Market
NEO	National Electricity Objective
NER	National Electricity Rules
NERL	National Energy Retail Law
NERO	National Energy Retail Objective
NERR	National Energy Retail Rules
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
Proponent	The proponent of the rule change request