POWERSHOP

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30 July 2026

Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

RE: RRC0075– Streamlining payment difficulty protections

About Shell Energy and Powershop in Australia

Shell Energy provides the energy businesses and households need for today and tomorrow.

A generation-backed trader and energy retailer, Shell Energy powers businesses and homes and acts as a catalyst for change to positively impact Australia's energy future.

We provide electricity, gas, and innovative solutions for our customers, complemented by our portfolio of gas-fired peaking power stations and battery storage assets, which support energy security and reliability.

Shell Energy is Australia's largest electricity retailer to commercial and industrial businesses, recognised for our market-leading customer service. We offer business electricity, gas, and smart energy solutions. Our residential business, Powershop, provides greater choice and confidence to households and small businesses to help them take control of their energy through multiple energy plan options and digital tools.

General Comments

Powershop supports the objective of ensuring customers experiencing payment difficulty receive clear information, early engagement and appropriate assistance.

However, the draft rule raises several practical implementation issues. These should be clarified before the final rule is made. Our feedback focuses on a number of operational questions such as:

- the timing of when disconnection is taken to have been arranged and interaction with cancellation processes,
- the operation of the proposed two-channel communication requirement,
- cross subsidy implication of expanded access of the minimum disconnection amount,
- retailer-led identification of payment difficulties.

Clarifying when disconnection is arranged

The draft rule proposes that a retailer is taken to have arranged de-energisation when it submits the request to the distributor. In practice, there can be a gap between the retailer's request and the physical de-energisation of the premises – this can be 3 business days after the request is submitted.

We understand the AEMC's intent is to clarify the point at which the AER assesses whether a retailer has met its last resort disconnection obligations. However, further clarity is needed on how this would operate where a disconnection request is submitted but then revoked, and physical de-energisation does not occur.

In particular, the final determination should clarify whether the test for a potential breach arises at the point of submitting the request, or only where the request results in actual de-energisation. This is important where a request is submitted in error and incorrect service orders are cancelled (often due to being identified during operational controls) before de-energisation or other harm occurs. These requests can sometimes be unwound before de-energisation, where a customer's circumstances (or engagement) changes after the request is submitted.

Without this clarification, the draft rule may create disproportionate compliance risk for retailers in circumstances where the customer is not ultimately disconnected and no customer harm occurs.

Two-channel communication before disconnection

We support flexible engagement with customers at risk of disconnection and understand the important roles these interactions play in preventing disconnections and supporting energy consumers. We also support the removal of outdated communication methods and the principle that retailers should use communication channels that are appropriate to the customer's circumstances and preferences.

However, the final rule should clarify when a retailer has satisfied the requirement in the event the customer does not engage. In practice, a retailer may attempt to contact a customer through multiple channels (Powershop pursues more than two), including preferred channels, and receive no response.

Historically, Rule 111 has required retailers to use best endeavours to contact a customer before disconnection, with phone and electronic contact generally only regarded as successful where the customer acknowledged receipt of the communication. Under the proposed two-channel communication framework, it is unclear whether acknowledgment remains a requirement or whether compliance is achieved through the use of the prescribed communication channels regardless of customer response. To avoid ambiguity, the drafting should clearly specify whether:

- acknowledgement of receipt continues to be required for phone and electronic communications; or
- more practically and preferred, the obligation is satisfied by sending communications through the prescribed channels after a reasonable time, irrespective of whether the customer acknowledges or responds.

Minimum disconnection amount

While Powershop has supported increasing the minimum disconnection amount, that support was based on balancing customer protections with continued customer engagement and debt management arrangements. We do not support extending the protection to all customers, including those have not engaged, nor agreed to repay their debt. Expanding it to all customers may increase structural cross-subsidisation and increase affordability issues across the system.

Where more debt is allowed to accrue before a retailer can take further action, the cost of unpaid debt is ultimately recovered across the broader customer base – which are allocated to fixed daily connection charges set by the AER when determining the DMO.[1] This spreads costs to customers who continue to pay their bills on time, including customers who may also be experiencing affordability pressure. This also creates unavoidable cost pressure for energy consumers.

If the AEMC proceeds with this change, it should clearly explain how it has assessed these costs and why the proposed expansion is proportionate. It should also consider whether more targeted protections would better balance customer protection, affordability and efficient retailer credit management.

Retailer-led identification of payment difficulty

We understand the policy intent of aligning the NERR with the NERL so that customers identified by their retailer as experiencing payment difficulty receive the same assistance as customers who self-identify. However, retailer-led identification is operationally challenging.

Retailers often rely on customer signals to understand whether a customer needs payment difficulty assistance. These signals may include missed payments, customer disclosures, requests for assistance, enquiries, hardship indicators or engagement with support teams. Not all payment behaviour indicates payment difficulty. Some missed payments may reflect customer choice, temporary absences, administrative issues, direct debit failures from credit card expiry or changed accounts, or temporary account management issues.

The final rule should avoid creating an obligation that requires retailers to infer payment difficulty from incomplete or ambiguous data. If the AEMC proceeds with this approach, it should clarify the types of information retailers are reasonably expected to consider and the point at which a customer is taken to have been identified as experiencing payment difficulty.

Powershop thanks the AEMC for the opportunity to provide comment on this matter. If you would like to discuss any part of this submission, please contact Brett Crossley at brett.crossley@shellenergy.com.au.

Yours sincerely

Libby Hawker
General Manager – Regulatory Affairs and Compliance

[1] Default market offer prices 2026–27: Final determination, AER