

Australian Energy Market Commission  
GPO Box 2603  
Sydney NSW 2000  
Submitted online: <https://www.aemc.gov.au/contact-us/lodge-submission>

30 January 2025

Dear Ms Fukuda,

### **Assisting Hardship Customers**

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission in response to the Australian Energy Market Commission's ('AEMC') *Assisting Hardship Customers* Consultation Paper ('Discussion Paper').

The AEC is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

In its December 2024 report, the ACCC highlighted that the current retail energy market is largely delivering for consumers. Competition among retailers has strengthened, leading to lower prices and most customers securing energy plans priced below the default market offer.<sup>1</sup> These developments reflect significant progress in making energy more affordable and accessible. While there is still room for improvement, retailers have been working hard to sustain the market's positive trajectory and support customers in need.

Retailers take their role as providers of essential services very seriously; the intensive monitoring and reporting of their obligations reflects this. Indeed, as we outlined in a 2023 article, retailers often go beyond their regulatory obligations to provide extensive support programs for customers in need.<sup>2</sup> Alongside this, the industry has collaborated closely with the government to ensure that all customers receive cost-of-living relief through energy rebates and has played an active role in policy processes around helping those in need.

The AEC and its members strongly support providing customers with additional protections when facing hardship. As such, we are supportive of the policy ambition outlined in the discussion paper. However, careful consideration is needed when introducing regulations that could increase risks or add costs for consumers. The AEC has noted on various occasions that retail costs account for only a small fraction (approximately 10 per cent) of a typical consumer's energy bill whereas network and wholesale costs make up 38 per cent and 39 per cent respectively. It is important to keep this in mind when seeking a meaningful reduction in energy bills.

Furthermore, retailers already comply with extensive obligations, particularly around hardship customers. For instance, retailers currently have a requirement to communicate with customers about being on the right plan. Indeed, this form of engagement helps retailers work with customers to identify an offer that is suited

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<sup>1</sup> [Inquiry into the National Electricity Market December 2024 Report](#), Australian Competition and Consumer Commission [December, 2024] pg.2, 59-62

<sup>2</sup> See [Going over and above](#), Australian Energy Council [November, 2023]

to a customer's individual circumstance. It is possible that some customers decide not to take up a cheaper offer, due to insignificant price savings, or because they might lose access to other benefits associated with their current market retail contract. It is important to continue to provide consumers with choice and to recognise its value to customers, which is also a reason for considering what can be done within the existing framework. However, there has been no comprehensive review to assess the effectiveness of current communication obligations or explore improvements within existing frameworks. Likewise, the AEC is currently awaiting the next stage of the AER's Payment Difficulty Review, which addresses customer hardship issues. In our submission to that review, we recommended several approaches to help customers in hardship. We believe it would be prudent for these policy processes to conclude before introducing further measures.

In parallel to this consultation process, the Essential Services Commission (ESC) is also currently looking into ways to ensure Victorian hardship customers are on the best offer through their Energy Retail Code of Practice Review. Along with an option to provide hardship customers with a credit on their bill if a deemed offer is available, the ESC has also proposed additional approaches around reducing tariffs and automatic switching. This raises a risk of inconsistent approaches across jurisdictions, which would increase regulatory inefficiency and lead to significant costs to retailers.

The AEC, therefore, urges careful consideration of the proposal for retailers to credit the difference between a hardship customer's current plan and the best offer to ensure there are no unintended consequences. Currently, uncertainties surround this approach, as its implementation could require significant time and cost for retailers, with potentially limited and temporary benefits for vulnerable customers. We further caution that the calculation behind crediting will not be as simple as copying the deemed better offer process. Indeed, there are other potential issues to consider including how crediting would interact with existing bill messaging obligations and impact customer experience. A thorough cost-benefit analysis is essential in this context, particularly when there are other easier options for retailers to help switch customers to a better plan that could be considered.

One possible means that could be trialed would be to conduct an industry-wide regulatory sandbox. Indeed, under the regulatory sandbox toolkit, the third component would enable the AEMC, in collaboration with retailers, to test the costs and benefits of this proposed reform and other options to improve outcomes for customers.<sup>3</sup> Moreover, it would help the AEMC better identify changes that may support customers in hardship better and address any significant risks, gaps or regulatory barriers there may be in providing these customers with credit on their bill if they are not on the deemed better offer. The AEC suggests that this approach would be preferable to the risks and uncertainties that may arise from an untested rule change.

Any questions about this submission should be addressed to Braeden Keen by email to [braeden.keen@energycouncil.com.au](mailto:braeden.keen@energycouncil.com.au).

Yours sincerely,

**Braeden Keen**  
Policy Advisor

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<sup>3</sup> [Regulatory sandboxing – Energy innovation toolkit | Australian Energy Regulator \(AER\)](#)