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AER Review of the Minimum Disconnection Amount

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Australian Energy Regulator's (AER) consultation on the minimum disconnection amount.

The Energy Council is the industry body representing 22 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The setting of a minimum disconnection amount is one element of a suite of consumer protection provisions that are in place to assist customers experiencing genuine difficulty in paying their energy bills. Retailers have in place a number of support programs (both mandatory and voluntary) to assist customers experiencing financial difficulty, where disconnection is only used as a last resort.

The Energy Council supports the AER's proposal that the current minimum disconnection amount of \$300 (GST inclusive) be retained. There is no evidence to suggest that this amount is not providing "a form" of protection for customers having difficulty paying their energy bills.

The Energy Council submits that if the current minimum disconnection amount of \$300 (GST inclusive) is increased it would risk exacerbating customer debt issues. Unfortunately it is often the case that customers experiencing financial difficulty postpone engagement with their retailer until the point of imminent disconnection. This in turn means that if the threshold is set too high, retailers are likely to carry customer debt for a longer time, and a customer's debt level will consequently have increased.

The Energy Council also submits that the AER should conduct a further review of the minimum disconnection amount in five years, with an earlier review only if developments in the market require it. For example, a change to the National Energy Retail Law (NERL)/ National Energy Retail Rules (NERR) hardship obligations would prompt an earlier review.

Any questions about our submission should be addressed to Panos Priftakis, Policy Adviser by email to panos.priftakis@energycouncil.com.au or by telephone on (03) 9205 3115.

Yours sincerely,



Sarah McNamara
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Australian Energy Council