

16 June 2025

General Manager, Policy
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Submitted via email: ConsumerPolicy@aer.gov.au

Dear Sir/Madam

Review of the Minimum Disconnection Amount – Draft Decision

Thank you for the opportunity to comment on the Minimum Disconnection Amount Draft Decision from the Australian Energy Regulator (AER).

The comments contained in this submission reflect the views of the Energy and Water Ombudsman NSW (EWON), Energy and Water Ombudsman Queensland (EWOQ) and Energy and Water Ombudsman South Australia (EWOSA). We are the industry-based external dispute resolution schemes for the energy and water industries in New South Wales, Queensland and South Australia.

We have collectively reviewed the Draft Decision and support increasing the Minimum Disconnection Amount.

The Minimum Disconnection Amount is an important protection for customers experiencing payment difficulties. We agree with the principle that customers should not be disconnected for being one quarterly bill behind, so it is appropriate to raise the Minimum Disconnection Amount in light of increasing energy prices in recent years. As discussed in the Draft Decision, the higher amount proposed better reflects the quantum of a quarterly bill than the current amount, notwithstanding that bills can differ significantly across energy consumers.

We believe that disconnection should only be used as a last resort for customers who are struggling to pay their bills and not as a way for retailers to manage debt. Complaints to energy Ombudsman frequently illustrate the actual harms to households for disconnection for non-payment. We also believe harms caused by disconnection are not commensurate with the benefits of disconnection – particularly for households experiencing ongoing affordability challenges. This is reflected in the case studies we provided to the AER in the Review of Payment Difficulty Protections in the National Energy Customer Framework.

We support many of the opportunities identified by the AER in the review and we particularly believe that to avoid the escalation of debt, any change in the Minimum Disconnection Amount should be accompanied by improved touchpoints before disconnection and the removal of unnecessary barriers to reconnection. This would include ensuring that any customer experiencing payment difficulties that is disconnected for non-payment is offered reconnection on a payment plan and without additional connection fees.

We agree that the rounded amount proposed for the Minimum Disconnection Amount provides simplicity for both consumers and retailers and intentions to achieve consistency with a similar protection mechanism in Victoria are commendable. Alignment with retail performance reporting requirements is also sensible.

Given the simplicity argument, we do not believe that automatic indexation of the Minimum Disconnection Amount is a wise approach. This may be hard to understand for customers and hard to implement for retailers. However, we do support periodic reviews – that are far more frequent than the current one – to ensure that the protection remains appropriate for the circumstances facing consumers, particularly those experiencing affordability issues, in the energy market.

Indeed, we recommend that a review of the Minimum Disconnection Amount be triggered periodically, following a 'check-in' analysis of the amount, which could be done as part of the AER's determination of the Default Market Offer (DMO). This would be an efficient use of resources and not require that the Minimum Disconnection Amount be updated each year, but instead a formal review could take place if the DMO analysis indicated a significant rise in electricity prices and costs.

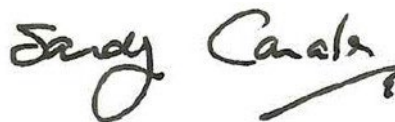
Noting the above comment on consistency, we also suggest that the AER could coordinate its processes with the Essential Services Commission of Victoria if a formal review of the Minimum Disconnection Amount was considered necessary.

If you require any further information regarding our submission, please contact Dr Rory Campbell, Manager Policy and Systemic Issues (EWON) on 02 8218 5266, Mr Jeremy Inglis, Manager Policy and Research (EWOQ) on 07 3212 0630 or Mr Antony Clarke, Policy and Governance Manager (EWOSA) on 08 8216 1861.

Yours sincerely



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