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Dear Mr Feather

AER Better Bills Guideline

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

EnergyAustralia appreciates the continued opportunity to participate in the AER's development of the Better Bills Guideline. The AER have considered and incorporated an abundance of research, views, and historical findings, in the development of the draft Better Bills Guideline (*the draft guideline*), and we are very grateful for the AER's consideration of minimising prescriptive regulation where it is not supported by research, and to ensure retailers are able to produce innovative billing that is designed based on customer preference.

We believe the draft guideline has outlined a bill design that for all intents and purposes will not be a fundamental shift from existing billing. This is illustrative of retailers' significant expertise in developing billing to meet their customer preference and suggests that - as retailers have attested throughout the *AEMC's Bill Contents and Billing Requirements* - there has been no justifiable need for billing change. We believe the AER's research has confirmed that billing preferences are particularly subjective, and it is plausible the proponent of the initial AEMC rule change is as likely to disapprove of the draft guideline as their existing retailer billing that instigated the rule change request.

Without considering the implementation costs, the draft guideline will not reduce cost to serve, as retailers will still incur the inefficiencies and costs of needing to comply with jurisdictional billing requirements; if there was one consistent bill across all jurisdictions it would achieve significant cost reductions. Further, the draft guideline will in most instances result in a bill that is larger (increase in actual pages) than its predecessor.

Given the similarities between existing billing and the draft guideline, the increased cost to serve and the cost associated with implementing the changes, we believe it is unlikely the draft guideline will produce identifiable benefits (increased customer satisfaction and participation in retail competition) that outweigh the costs. With the AER's stated intent of minimising costs, EnergyAustralia would greatly appreciate the

AER's additional consideration for limiting the risk that the Better Bills Guideline benefits will not exceed its costs. We believe this can be achieved by either:

1. Identifying which retailers have billing that is fundamentally different from the design principles outlined in the draft guideline, and requiring specifically these retailers to implement the changes within a reasonable timeframe; or,

2. Providing an extended implementation window for the billing changes, with retailers required to comply if they change their billing before the implementation timeframe, or by no later than 31 December 2024. This will ensure that any changes to billing can be limited, with the expectation that the ESB's post-2025 reforms and the rapid pace of change in the industry will create additional complexities in the customer-retailer relationship (two-sided market, demand response, etc).

EnergyAustralia acknowledges the AER's ability to extend the implementation timeframe is currently limited by the obligations imposed in the AEMC's final decision[1], and we are optimistic that the AEMC would be accommodating of expediting a rule change if the AER was to decide that requiring retailers to implement the Better Bills Guideline by 31 March 2023 would be overly burdensome in associated costs and would not provide noticeable benefit compared with an extended timeframe.

Aside from our concerns above, we believe the draft guideline has been designed with the intention of producing a bill that meets the needs of customers; however, there are a few elements in the draft that require further consideration.

Design testing requirements

EnergyAustralia believes the draft guideline requirements, *applying consumer research and testing on bill design, language and accessibility,* and *updating bill design in response to findings from consumer testing*, will incur significant costs in compliance, and will contradict other requirements in the draft guideline.

EnergyAustralia has conducted consumer testing numerous times to establish billing preferences, with a common trait identified between our historical testing, the AER's results received for the Better Bills Guideline development, and anecdotal advice from other retailers historical testing, customer preference is highly subjective. If retailers are to conduct testing for any bill change – apart from the added compliance expense – it is likely, that the varying responses retailers receive to their consumer testing, will result in bills varying significantly again.

Crucially, it is foreseeable that the responses received to consumer testing may contradict the requirements to comply with the tiered information placement of certain elements. EnergyAustralia's preference is to produce billing in line with customer preference, we therefore request the AER to consider how customer preference from research and testing will be prioritised if it were to contradict with other requirements of the Better Bills Guideline.

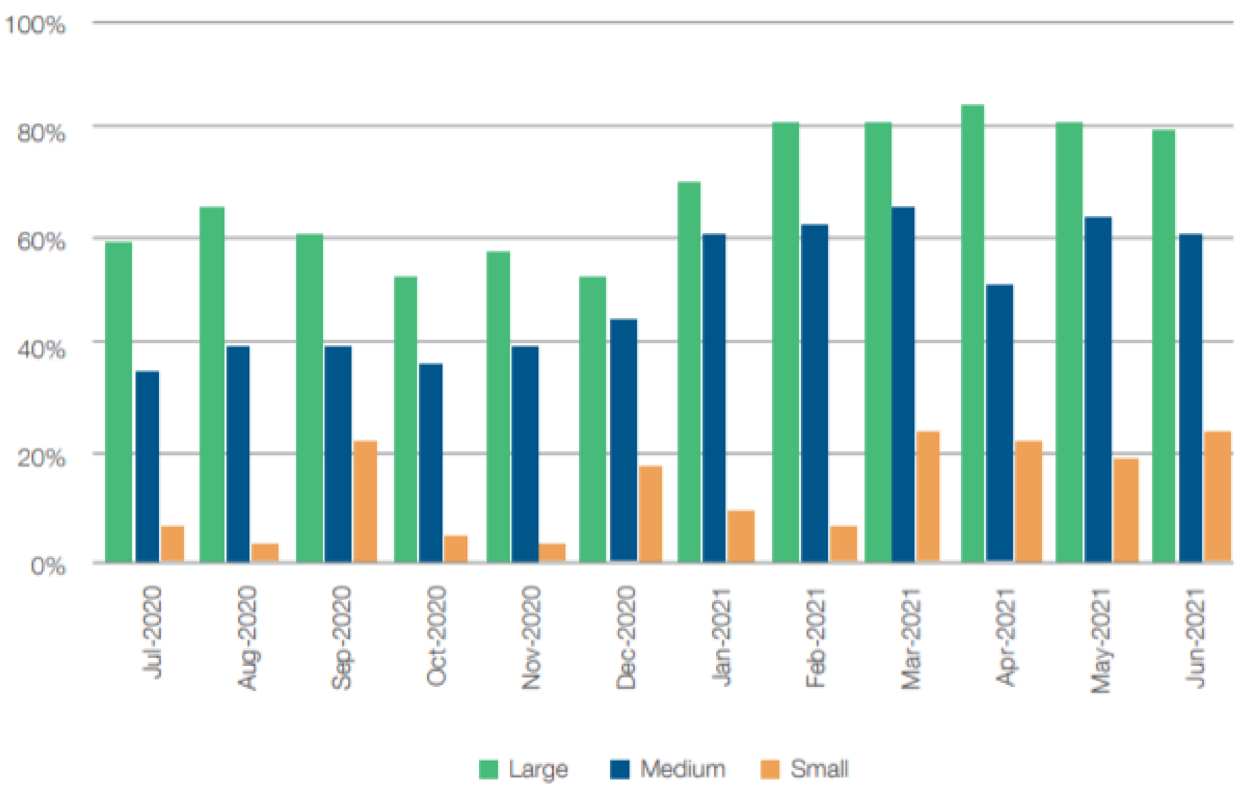
'Better Offer' obligation

The implementation of 'Best Offer' obligations in Victoria came at a significant cost and has not resulted in a noticeable uptake of customers participating in retail competition. The Essential Services Commission Victoria's Energy Market Report 2020-2021[2] provided data to indicate that customers not on the best offer are increasing, as seen in the graph below:

[1] *AEMC Bill Contents and Billing Requirements Final Decision pg.45*

[2] *The Essential Services Commission Victoria's Energy Market Report 2020-2021 pg.10*

Figure 3 – Percent of Victorian residential electricity bills not on best offer by retailer group (2020-21)



Including a 'Better Offer' obligation as part of the Better Bills Guideline is likely to achieve a similar result, e.g. not achieving a noticeable improvement in customer's participating in retail competition, and – based on our anecdotal advice from customer feedback – causing confusion and distrust.

Crucially, there are discrepancies in the requirements for the Victorian 'Best Offer' and the ACT's 'Better Offer' obligation[3], that will create inefficiencies and additional cost if the AER elects to mimic either of these entirely, and this will be worse if the AER's requirements are different again. EnergyAustralia's preference is for consistency between jurisdictions, to promote efficiencies and reduce costs to serve, therefore, we believe that **if** the AER elects to require a 'Better Offer' requirement, that it should either:

1. Align all National Energy Customer Framework jurisdictions with the ICRC's requirement; as retailers operating in the ACT will have recently implemented the requirements, as they are required to implement the technical component of the 'Better Offer' obligation by 1 July 2022; or,

2. Request the ICRC to rescind their requirement in lieu of the AER's final decision, to align all states with the ESC's 'Best Offer' obligations.

<u>Standardised plan summary</u>

While we support improving comprehension of energy bills, EnergyAustralia does not support the inclusion of a standardised plan summary in the draft guideline; as the current drafting is too prescriptive and not suitable for the diversity of customer contracts, it duplicates information found elsewhere on the bill, will

[3] *ICRC ACT Retail Electricity (Transparency and Comparability) Code Guideline pg.25*

significantly increase the size of a bill, and there are more suitable options for this information to be provided.

We acknowledge the AER's findings, BETA's research indicated a strong preference (74%) for customers valuing plan information when to assist in understanding how their bill is calculated, and a similar outcome from a European study; however, these responses were elicited in a survey environment, where '*the findings from survey experiments will only generalise imperfectly into the real world*' and *'when people are in a reflective state (as with a survey experiment) they often prefer more information and detail. In a busy, real-world setting, greater levels of details sometimes lead to inaction'* as noted by BETA on the limitations of their findings[4].

The standardised plan summary format will not suit innovative plans; such as, customers that are participating in demand response, and it will create significant increases in the length of a bill for customers with multiple meters at a premises, that receive different seasonal (winter and summer) time of use or block tariff rates. Our own research has found that multiple tables/graphs can create customer confusion, something that is plausible as a customer's plan charge details will be duplicated on the 'understand your bill' table and the standardised plan summary; this will be exacerbated when a customer is provided non-applicable plan rates (different season, criteria not met, etc) to those charged on their bill.

Additionally, the requirement to list the percentage of power generated by renewable energy and a customer's contract expiry date will be complex and costly to provide. Providing this information for some customers will be simple, e.g. those that are receiving a 100% green product (such as EnergyAustralia's carbon neutral offer) or where their contract has a defined end expiry date. However, this becomes more complex for providing this information to customers not receiving a green product, where a retailers is generating or purchasing a percentage of their total energy requirements from a renewable energy source, as this % amount changes every five minutes and the calculations for impacts on a shifting customer base will be unreasonably expensive to develop and maintain, with the benefit expiry date also not being readily available for customers that are provided a plan with no benefit expiration period (EnergyAustralia maintains a customer's current benefits at the end of their benefit period).

EnergyAustralia believes most customers do not need to verify their plan information every bill, with this information provided in a customer's welcome pack, in their benefit change notices, and accessible upon request through the retailer, it is unclear how this addition to a customer's bill and the benefits to the customers that compare via the standardised plan summary will outweigh the negatives of increased bill length, confusion where non-applicable plan rates are advised, and the increased cost to serve.

The AEMC's final decision requires the AER to *take into account whether the requirements in the billing guideline are effective and proportionate to the expected benefits that result from achieving the relevant part of the bill objective*[5] and the AER can specify whether information of *different types may be provided to a small customer by different delivery methods (including in separate documents or electronically), if the small customer has given its explicit informed consent to those delivery methods*[6]. EnergyAustralia requests the AER consider allowing the standardised plan information to be optional and only required upon customer request.

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[4] *BETA Final Report - Improving Energy Bills pg.67*

[5] *National Energy Retail Amendment (Bill contents and billing requirements) Rule 2021 pg.4 (4)(a)(iii)*

[6] *National Energy Retail Amendment (Bill contents and billing requirements) Rule 2021 pg.4 (6)(b)*

Tiered information

The findings of the AER's research for the layout of the bill is understandable, and the tiered information requirements loosely imitates the current structure of retailer billing; however, compliance with the prescription of the tiered information requirement will create conflict with jurisdictional billing requirements and achieving the good design practises required in the draft guideline.

EnergyAustralia largely supports the information requirements of Tier 1 but recommend there be some flexibility for the inclusion of information that a retailer or customer deem to be necessary, such as, if it is a final bill, the retailers ABN, and noting it is a tax invoice. A retailer should be able to request approval from the AER for including additional information in Tier 1 if we receive customer feedback via behavioural survey responses, or through internal/ ombudsman complaint channels; such as, customer requests for concessions details to be placed clearly on the front page (a common request received by retailers).

We seek clarity from the AER for how retailers are to achieve compliance with the Better Bills Guideline and with additional mandatory jurisdictional billing requirements, e.g. New South Wales[7] and South Australian[8] governments concession messages.

EnergyAustralia does not support the draft guidelines requirement for the layout of Tier 2 and Additional Information, as we believe this prescription will inhibit good design practise. There will be instances in which it is more suitable for Additional Information to be before or combined with Tier 2 information, therefore we believe it would be appropriate for the Tier 2 and Additional Information layout requirements to only require adherence to good design principles; for it to be readily accessible by customers, ordered to make it easy to understand, and to make the most important information most prominent.

Removal of 'total greenhouse gas emissions (tonnes) this account'

The draft guideline removes the existing obligation to advise *'total greenhouse gas emissions (tonnes) this account'*, we suspect the intention was to replace this information with the Standardised Plan Information requirement for *'Energy from renewable sources or carbon offsets (if applicable)'.* As mentioned previously, we do not support the inclusion of this information due to the complexities in calculation, and we believe it would be more suitable for the existing requirement for *'total greenhouse gas emissions (tonnes) this account'* to be retained; as customers are accustomed to this information, and inherently it represents the same information e.g. informing customers about the environmental impacts of their consumption.

Previous/Current reading

The AEMC concluded in their 2019 *Bill Contents – Customers with Interval Meters*[9] rule change that it should not be required for retailers to display start and end readings in the bill for every customer with an advanced interval (smart) meter, only requiring this to be provided when this information is readily available.

The AEMC's decision focused on the replacement of accumulation (basic) meters, which only provided a current and end read for billing, and the interval meters they were being replaced with, which have the capacity to present usage in five-minute intervals. The AEMC found that not including a current and end reading on the bill is not a material issue for most electricity customers with interval meters.

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[7] *NSW Social Programs for Energy Code Clause A4.1.2*

[8] *South Australian Government Customer Concession Scheme for Energy Clause 3.4.3*

[9] *National Energy Retail Amendment (Bill Contents - Customers with Interval Meters) Rule 2019*

EnergyAustralia believes that this decision remains appropriate, factoring in current customer preferences for reviewing interval data via web or app based means, and the issues in receiving a current and end read from Meter Data Providers (this is not provided for interval meters where NSW distributors are the Meter Data Provider).
EnergyAustralia requests the AER to clarify whether the Tier 2, 'Understand you bill' table's '(where applicable)' would remove the need for providing current and end readings for all interval meters, or only the interval meters where this information is not provided.

Solar usage

The draft guideline's Tier 2, 'Understand you bill' table's requires Solar Usage '(where applicable)'. EnergyAustralia interprets this as a requirement to provide the total solar generated from a customer's solar system, not just the solar exported (which we are able to record via the installed metering). We understands that currently there are very few customers that have the appropriate infrastructure to provide the total solar generated information, and as this information is not currently provided, it is likely the cost associated to design this element in billing will exceed any benefit obtained by providing it; customers currently have the capacity to access this information by reviewing their solar inverters, with many now providing web and app based services for this function.

We request the AER not include a requirement for retailers to provide customer's solar usage (the total amount their solar systems have generated) information on billing as there are more appropriate (considering cost implications, and other options available to customers) options for customers to receive this information.

Payment information, NMI, and Ombudsman number as Tier 1 information

EnergyAustralia acknowledges that payment information, NMI, and ombudsman details are important information to provide to customers; however, we believe they are not needed every time a customer reads their bill:

- Payment information is the most likely to be used every bill, but it is just as likely to only be needed once, when the customer records the payment details the first time they pay their retailer. We believe it would not create any inconvenience, confusion/mistrust, or impede a customer's capacity to understand their bill by allowing the payment information to be included in a subsequent section (after page 1).

- NMI Information is rarely used by a customer and contradicts the need to use simple language, avoiding jargon, technical terms and uncommon terminology, abbreviations and acronyms. The NMI is most commonly used by parties that understand this terminology, other retailers, ombudsman, etc. We believe that having the NMI information should be on a customer's bill, but as long as this is recorded on the same location for all retailer bills, can be located anywhere without causing the customer any comprehension or inconvenience in locating it. As such, we request this information be required after page 1, to conform to the objective of the draft guideline and limit information on page 1 to only the most pertinent information.

- Similarly, ombudsman information is not something that customers need access to on every bill. While we are supportive of the need to provide this information, we believe that the placement of the ombudsman contact number as Tier 1 information will provide the wrong signal to customers about how to deal with a complaint they are having. NECF Ombudsman schemes required a customer to attempt to resolve a complaint directly with their retailer before requesting assistance through their scheme; they will direct any customer that contacts them back to their retailer, but this is an additional inconvenience for a customer that is already experiencing an undesirable situation, and will create unnecessary increases in resourcing requirements for the ombudsman schemes and associated costs to scheme participants (retailers). EnergyAustralia requests this information not be required as Tier 1 information, allowing retailers to record this information in a location that adheres to good design principles.

Alternative billing information delivery options

Accepting that the Better Bills Guideline dictates how a standard bill should be presented, we strongly believe that if a customer requests to receive their consumption and billing information in another format, they should be provided this option; such as, reviewing their consumption and charges via a retailers designed web or app platform, with the availability to refer to a standard bill if required. Therefore, we request the AER to consider how the Better Bills Guideline can enable retailers to provide the information outlined in the draft guideline to customers via *different delivery methods (including in separate documents or electronically), if the small customer has given its explicit informed consent to those delivery methods*[10].

Application to Multiple accounts, Embedded Network, Unmetered Supply and Bulk Hot Water customers

We are concerned that customers with multiple accounts (likely those with additional meters/NMIs too) will be burdened by an unreasonably long bill, whereas we do not believe that the draft guideline is suited for customers of Embedded Networks, Unmetered Supply or Bulk Hot Water, as these customers do not have consumption that suits the ‘understand your bill’ or ‘standardised plan summary’ templates.

We therefore request the AER to provide clarity on the application of the Better Bills Guideline for multiple accounts on a single bill, Embedded Networks, Unmetered Supply, and Bulk Hot Water customers, and to consider if customers in these categories can be provided their billing information in a different format; given it conforms to good design principles and the customer has given their explicit informed consent.

No location for adjustment information

While retailers aim to ensure that customer billing is accurate, unfortunately there are instances in which this does not occur. It is therefore important the Better Bills Guideline considers where adjustment data should be provided on customer billing. EnergyAustralia believes that adjustment data should be provided as part of the ‘understand you bill’ or in a location that promotes customer understanding of the adjustment and the impacts on their current bill.

Regards

Travis Worsteling

Regulatory Affairs Lead

[10] *National Energy Retail Amendment (Bill contents and billing requirements) Rule 2021 pg.4 (6)(b)*