



## Bill contents and billing requirements

### Final determination and rule published

**The Australian Energy Market Commission (AEMC) has made a more preferable final rule that amends the National Energy Retail Rules (NERR) to introduce a mandatory guideline on requirements for gas and electricity bills. The preferable final rule aims to simplify energy bills so households and small businesses can better understand and manage their energy usage and costs, and find a better energy deal.**

### Final rule

The more preferable final rule requires retailers to comply with a mandatory guideline (the billing guideline) containing billing requirements. It adopts many elements of the rule change request, including setting objectives for a bill and principles that the AER must consider when developing the guideline. The more preferable final rule:

- Includes a bill objective, setting out the purpose of an energy bill (six components). For example, to enable small customers to easily understand payment amounts, dates and payment methods for their bill.
- Requires the Australian Energy Regulator (AER) to make a billing guideline in relation to how retailers prepare and issue bills to small customers that meet the bill objective. The provisions in the billing guideline will replace the current bill information requirements in rule 25(1) of the NERR.
- Requires the AER, in making and amending the billing guideline to:
  - take certain principles into account;
  - do so in a manner that will or is likely to contribute to the achievement of the national energy retail objective (NERO) and is compatible with the consumer protection test; and
  - follows the retail consultation procedure.
- Allows the AER to specify in the billing guideline different types of billing information that a retailer must provide and whether information of different types may be provided to a small customer by different delivery methods with their consent.
- Removes the obligations on retailers regarding electricity consumption benchmarks in rule 170, which the AER may include in the billing guideline.

### Commencement

The more preferable final rule establishes the following implementation time frame:

- **Development:** a 12-month time frame for the AER to develop and publish the first billing guideline (1 April 2022).
- **Implementation:** a further four month period before retailers are required to comply with the guideline (4 August 2022), but providing the AER with discretion to specify in the guideline whether specific provisions commence at a later date, provided that all provisions commence no later than 31 March 2023.

### Rule change request

On 16 April 2020, the Honourable Angus Taylor MP, Minister for Energy and Emissions Reduction, on behalf of the Australian Government (the proponent), submitted a rule change request to the AEMC to amend the NERR.

The rule change proposal sought to amend the NERR to require the AER to develop a

mandatory guideline, covering both electricity and gas bills. The aim was to help small customers: easily pay their bill; verify the bill calculation and that it conforms to their retail contract; understand how much energy they consume; confidently query or dispute bills; and confidently navigate the market and seek the best offer. The proposal intended to simplify energy bills so households and small business owners can better understand and manage their energy usage and costs, and find a better energy deal driving improvements in competition.

### Benefits of the rule

Having regard to the issues raised in the rule change request and during consultation, the Commission is satisfied that the more preferable final rule is likely to better contribute to the achievement of the National Energy Retail Objective (NERO) than the proposed rule. The more preferable final rule promotes the NERO as it includes principles that will:

- better promote engagement, consumer choice, innovation and market participation
- enable retail competition
- provide greater transparency on the guideline development process
- lead to a proportionate and least cost outcome for consumers.

The Commission is also satisfied that the more preferable final rule is compatible with the development and application of consumer protections for small customers, including (but not limited to) protections relating to hardship customers, because the more preferable final rule establishes a mandatory guideline that will specify requirements that retailers must meet in preparing and issuing bills to small customers. The guideline will establish protections for small customers regarding billing, while also enabling customers to benefit from innovation in the retail market.

The Commission considers that the introduction of an AER mandatory guideline with clear billing objectives and guideline development principles is an appropriate response to the billing issues raised by the proponent and stakeholders. A guideline is likely to be more responsive and adaptable to changes in the retail market and consumer preferences, as it is likely to be informed by ongoing expertise developed through the guideline development and monitoring process (rather than via one-off rule change processes).

The more preferable final rule seeks to achieve a number of policy goals, including:

- simplifying energy bills, for example by allowing some bill information to be delivered digitally (if a consumer so chooses) and ensuring effective, easy-to-understand information is included (for instance, to help consumers use energy efficiently)
- a regulatory framework that is adaptable over time
- a regulatory framework that protects consumers while enabling innovation and competition
- billing provisions that reflect the variety of offers and consumer preferences in the market
- promoting cost and usage information on bills that helps small customers use energy efficiently, engage in the market and consider investing in self-supply options such as solar and batteries.

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