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9 May 2023

Ms Anna Collyer
Chair
Australian Energy Market Commission
GPO box 2603
SYDNEY, NSW, 2001

Dear Ms Collyer,

Re: Rule change proposal - electricity consumption benchmarks

Please find attached a rule change request to repeal Part 11 of the National Energy Retail Rules (the Rules).

On 4 August 2022, the AEMC Bill contents and billing requirements rule change came into effect, under which the AER developed the Better Bills Guideline. As part of the rule change, the AEMC repealed Rule 170, that required the inclusion electricity consumption benchmarks in bills.

We developed the Better Bills Guideline in open consultation with stakeholders across the sector. The Better Bills Guideline does not require retailers to include electricity consumption benchmarks on bills.

While the requirement for retailers to display benchmarks on bills have been repealed, the AER is still obligated under Rule 169 (4b) and (4c) to publish electricity consumption benchmarks on its website every 3 years. Under current Rules, the AER must update the benchmarks by 9 December 2023.

We consider this should be expedited as a non-controversial rule change because it is unlikely to have a significant effect on a market for energy or the regulation of customer connection services. The primary purpose of Part 11 – to develop electricity consumption benchmarks to be presented on bills – is no longer an electricity retail billing requirement.

We contacted several stakeholders prior to submitting this rule change. Two issues were raised in this consultation, which we consider below.

1. Consumer representative organisations still see value in the AER developing consumption benchmarks and advocated for the development of improved benchmarks. We agree that there is likely value for some customers and researchers in energy consumption benchmarks and that more detailed benchmarks would be relevant to more customers. However, the utility of developing these benchmarks is limited given retailers are no longer required under the Rules to present them on bills.

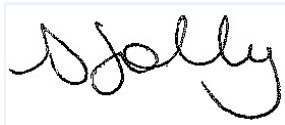
Further, developing improved benchmarks is a time consuming and costly exercise and there are alternative ways to provide advice to consumers about usage. We therefore consider a rule is not an appropriate way to ensure this data is made available.

2. Under the Victorian Electricity Industry Act 2000 (section 40R) and the Energy Retail Code of Practice (s 63 (p); s 64) (the Code), a retailer must include in each bill information concerning greenhouse gas emissions *or* bill benchmarking information for residential customers.

The AER is under no obligation to develop electricity consumption benchmarks for Victoria but have previously done so as the additional cost was not significant, when developed as part of the broader project. Retailers have used this information to present benchmarks on Victorian bills. Should we stop developing these benchmarks, retailers may still adhere to the requirements of the Code by either continuing to use the 2020 electricity consumption benchmarks or presenting information on greenhouse gas emissions.

For any further information please contact Simone Tyson on 08 8213 3490.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Jolly', enclosed in a thin blue rectangular border.

Stephanie Jolly
General Manager
Market Performance

Sent by email on: 09.05.2023

Rule Change Proposal

Removing the requirement for the AER to
administer electricity consumption benchmarks

May 2023



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Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
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1 Request to make a rule

1.1 Name and address of the person making the request

Australian Energy Regulator,
GPO Box 3131,
Canberra ACT 2601

1.2 Request to make an expedited rule change

This is a request under Division 4 of Part 10 of the National Energy Retail Law (Retail Law) for the making of a rule. The AER requests that this rule be treated as a non-controversial rule under section 252(1)(b) of the Retail Law. We request that this rule change take effect no later than 30 June 2023.

This request is structured to address section 11(1) of the National Energy Retail Regulations (Retail Regulations).

2 Description of proposed rule change

We are proposing that Part 11 of the National Energy Retail Rules (Retail Rules) be repealed. Part 11 is comprised of rules 169 and 171.

Rule 169 requires the AER provide initial electricity consumption benchmarks to retailers and publish those benchmarks on its website.

The electricity consumption benchmarks must be based on the following:

- a) electricity consumption information received by the AER from distributors pursuant to rule 171;
- b) localised zones as determined and notified to the AER by the relevant jurisdictional Minister;
- c) household size

The AER is required to administer and update the electricity consumption benchmarks every 3 years from the date when the initial benchmarks are published. The AER is currently required to update the benchmarks by 9 December 2023.

Rule 171 specifies that Distributors must, for the purpose of the electricity consumption benchmarks, provide information to the AER in such manner and form as may be requested by the AER.

We also propose that Note 1 under section 13 of the Retail Rules is deleted.

2.1 Why this rule change is non-controversial?

Under the definitions in the National Energy Retail Law, a non-controversial Rule means a Rule that is unlikely to have a significant effect on a market for energy or the regulation of customer connection services.

The purpose for developing electricity consumption benchmarks under the Retail Rules was so that retailers could comply with their legal obligation to present these consumption benchmarks on the bills of residential customers. As this is no longer a legal requirement under the Retail Rules, this rule change will not have a significant effect on the energy market or regulation of customer connection services.

2.2 Effect on the market for energy or the regulation of customer connection services

We do not anticipate that this rule change will significantly affect a market for energy. The electricity consumption benchmarks are not an appropriate reference point for a substantial proportion of consumers.

We do not consider that electricity consumption benchmarks will have any impact on customer connection services. We are not aware of any link between consumption benchmarks and the regulation of customer connection services.

3 Rationale for the rule change

We are proposing that Part 11 of the Retail Rules is repealed because:

- The mandatory requirement for retailers to display electricity consumption benchmarks on the bills of residential customers was removed and without the benchmark being visible to customers, there is little likelihood that consumers will respond as per their original intent
- Electricity consumption benchmarks based upon the current requirements in the Retail Rules are unlikely to be useful for many customers and may even be misleading, and
- The ability for third parties to use the electricity consumption benchmarks for other purposes is limited, and improvements to data access will result in more relevant data being available.

The repeal of Note 1 under section 13 of the Retail Rules is a consequential amendment to the repeal of Part 11.

We outline each of these reasons in further detail below.

3.1 Electricity consumption benchmarks are no longer a requirement on bills

Prior to 4 August 2022, retailers were required to include electricity consumption benchmarks in the bills of residential customers under rules 25(o) and 170 of the Retail Rules at the time. However, this will no longer be required once transitional arrangements end on 30 September 2023.

In 2021 the Australian Energy Market Commission (AEMC) made a rule determination requiring the AER to make a billing guideline covering how retailers prepare and issue bills to small customers. In making this rule change, the AEMC repealed rule 170 of the Retail Rules, which set out an obligation on retailers to include electricity consumption benchmarks in the bills of residential customers.¹ However, the AEMC did not remove rule 169 which requires the AER to develop electricity consumption benchmarks noting that the AER may choose to include these benchmarks in its billing guideline.² Rule 171, which requires distributors to provide

¹ AEMC, RULE DETERMINATION BILL CONTENTS AND BILLING REQUIREMENTS PROPONENT, 18 March 2021, p. i.

² AEMC, RULE DETERMINATION BILL CONTENTS AND BILLING REQUIREMENTS PROPONENT, 18 March 2021, p. 8.

the AER with information for the purpose of electricity consumption benchmarks, was also retained.

The Better Bills Guideline was subsequently developed³.

In consulting on the Better Bills Guideline, the AER received a number of submissions on electricity consumption benchmarks from retailers, industry and consumer advocates. These submissions stated that:

- benchmark representations can become misleading when out of date or not applicable to a customer profile. This in turn creates confusion that could be avoided if customers instead accessed consumption information through services tailored to their requirements (Aurora)⁴
- too many graphs make understanding the bill and locating key information more difficult (Energy Australia)⁵
- benchmarks are complex and confusing, and customers do not understand this information (Brighte; Ergon Energy)⁶
- as the uptake of smart metering increases, this will provide retailers and customers with greater information about their usage
- the increase in the uptake of smart meters will provide retailers and customers with greater information about their usage; when combined with apps this provides much greater insight into how the use of specific appliances can impact usage costs, rather than relying on common assumptions about the impact of heating and cooling (Origin Energy)⁷
- benchmarks are an important tool for customers and should be accompanied by information about the limitations of the comparison and where a consumer can access information about using energy wisely to help them address any concerns⁸
- the strong preference for consumers is for comparison with their own use rather than that of similar households. (Council on the Ageing (COTA))⁹

In addition, retailers submitted to the AEMC consultation that customers do not like household benchmarking information and that household benchmarking information will become less relevant as smart meters facilitate the provision of more useful real-

³ <https://www.aer.gov.au/retail-markets/guidelines-reviews/better-bills-guideline-version-1>

⁴ Aurora Energy, Submission to Australian Energy Regulator Better Bills Guideline Consultation, Sep 2021, p. 3.

⁵ Energy Australia, AER Better Bills Guideline,

⁶ Brighte, Submission in response to the better bills guideline, Sep 2021, p. 4. Ergon Energy Retail, Ergon Energy Retail response - Developing the Better Bills Guideline, Sep 2021, p. 6.

⁷ Origin Energy, Submission to Australian Energy Regulator Better Bills Guideline Consultation, Sept 2021, p. 2

⁸ Joint submission from the Public Interest Advocacy Centre, Physical Disability Council of NSW, Ethnic Communities Council of NSW, Submission to the AER Developing the Better Bills Guideline 22 Sep 2021

⁹ Council on the Ageing, Submission to the Australian Energy Regulator Developing the Better Bills Guideline, Sep 2021, p. 2.

time energy usage data via apps.¹⁰ Consumer groups provided mixed feedback about the usefulness of benchmarks on bills, with some raising concerns about the accuracy of benchmarks against other households with different characteristics.

Consider these issues and the benefits of a simplified regulatory framework and bills, the AER decided not to mandate the inclusion of consumption benchmarks in bills under the Better Bills Guideline.

All retailers must comply with new requirements in the Better Bills Guideline from no later than 30 September 2023.

While retailers may choose to present electricity consumption benchmarks on bills, informal discussions with retailers indicated that a number do not intend to do so; others may do so only to meet requirements under the Victorian Code.

As such, if benchmarks are not visible to customers through their bills, there will be little benefit for consumers if the AER were to continue to develop the benchmarks.

¹⁰ AEMC, Draft Rule Determination. See also AGL, Submission to Better Bills Guideline Consultation; Ergon Energy, Submission to Better Bills Guideline Consultation; EWOV/EWON/EWOSA/EWOQ, Joint submission to AEMC Consultation paper

3.2 The utility of electricity consumption benchmarks

We met with a cross section of stakeholders from retail, industry and consumer sectors, prior to submitting this rule change. In this consultation we did not identify what we consider to be potential significant effects on a market for energy.

Some stakeholders did not support the removal of Part 11 of the Retail Rules. There were two primary reasons for this:

- Certain stakeholders preferred an alternate rule change, which would change the methodology of electricity consumption benchmarks to provide consumers with a useful reference point regarding whether they may reduce their energy usage
- If the AER did not develop electricity consumption benchmarks, retailers may not be able to present these in Victorian Energy bills to comply with Victorian legislation.

We consider these matters below.

3.2.1 A useful reference point for consumers

Some stakeholders wanted the requirement for the AER to develop electricity consumption benchmarks to be expanded.¹¹ They proposed that the AER submit an alternate rule change to change the methodology of the consumption benchmarks to be based on more relevant drivers of household energy consumption.

These stakeholders considered it is important that consumers have an accurate point of comparison (particularly vulnerable customers). Their view was that improved consumption benchmarks would be a useful tool for some customers to determine whether they might be able to reduce their energy consumption. Some customers may reduce their electricity consumption based on their performance against benchmarks.

We agree that the current energy benchmarks have their limitations and do not provide an appropriate benchmark reference consumption measure for a substantial proportion of customers. However, for the reasons that follow we have elected not to submit a rule change for more accurate electricity consumption benchmarks.

The extent to which the electricity benchmarks are useful will depend on how tailored they are to the circumstances of individual customers, and whether consumers will access the comparison at the time of making decisions about energy use.

¹¹ Public Interest Advocacy Centre, the Australian Council of Social Service, the ACT Council of Social Services, Council on the Ageing

Under the Retail Rules, the electricity consumption benchmarks must be based on the following:

- a) electricity consumption information received by the AER from distributors
- b) localised zones as determined and notified to the AER by the relevant jurisdictional Minister
- c) household size.

Historically, the impetus for the requirement for the development of bill benchmarks was a 2009 Ministerial Council on Energy (now the Energy Ministers Meeting) agreement on the implementation of the National Framework on Energy Efficiency Australia. This provided a coordinated national approach for a series of projects and actions designed to deliver enhanced energy efficiency measures. This included advice and education measures aimed at motivating, facilitating and reinforcing rational and responsible behaviour by businesses and consumers - one of which was the implementation of benchmarking on consumer energy bills.

The purpose of the benchmarks was to allow customers to compare their household electricity usage with similar households in their area, to encourage them to become more energy efficient (measure 1.3.3). The first benchmarks were developed in 2011, and the requirement for retailers to display electricity consumption benchmarks on residential customers' bills commenced in 2012.

Much has changed since the benchmarks were first introduced 10 years ago. Investment in rooftop solar and batteries has seen the amount of households with solar move from 15% in 2012¹² to 30% of households in 2022. Improvements in technology have seen improvements in energy efficiency of household appliances and the introduction of smart meters has helped consumers access real-time energy usage information. Our understanding of drivers of electricity usage has also broadened, with current acknowledgement that there are more relevant drivers that benchmarks could be structured around rather than those in Rule 169 (climate zone and household size, interpreted for the current benchmarks as the number of people residing in a household).¹³ These drivers include:

- whether a house is insulated or not
- construction type
- energy efficiency
- if the resident is an owner or renter.

The electricity consumption benchmarks produced under the Retail Rules are not in line with the modern understanding of true drivers of consumer behaviour regarding energy usage, and hence the relevance of the benchmarks to specific customers may be limited. For example, customers that prudently consume electricity given their circumstances may appear to consume more than average. The suggestion that

¹² ABS Household Energy Consumption Survey, 2012

¹³ <https://renew.org.au/wp-content/uploads/2021/10/Households-Better-Off-full-report.pdf>

these customers are consuming more than average might lead to that customer reducing their consumption, potentially to unhealthy levels.

The development of more accurate benchmarks would be useful for some customers. However, developing detailed electricity consumption benchmarks is a resource intensive process. Our most recent benchmarks (2020) were produced by an external consultant using a bottom-up approach which took approximately 12 months. It involved surveying approximately 6,500 customers about their household makeup and energy drivers. Survey data would then be matched with consumption data provided by the Australian Energy Market Operator (AEMO) and distribution businesses, adjusted for outliers (households with unusually large or small usage), and weighted to correct for any over-representation of household characteristics such as solar panels to ensure data is representative of households in the population.

Were the AER to develop more useful electricity consumption benchmarks, there are impediments to these being presented by retailers. To provide customers with tailored electricity consumption benchmarks, retailers would need to collect more information from customers. This could include data on the electrification of appliances, whether they work from home, the energy efficiency of their house and their use of heating and cooling. Customers may be reluctant to provide this data to retailers or may not even know the answers. Retailers may be reluctant to collect this information given the need to set up systems to securely manage and use the data. The more tailored the information provided, the closer the information would be to a personalised comparison, which is already being provided by retailers to customers via bills and via technology such as apps.

However, beyond any benefits that may come from further personalising benchmarks, the utility of developing electricity benchmarks will be limited given that retailers are no longer required under the Retail Rules to present them in bills. Fewer customers are likely to see the benchmarks and hence fewer customers will respond to them.

The AER acknowledges that there is benefit in helping consumers reduce their energy usage, particularly during times of rising energy prices. However, there is little utility in developing benchmarks to achieve this objective when consumers will likely not view them at the point of engagement with their bill. A recent, review of the literature on electricity bill benchmarks, found that “presenting electricity consumption benchmarks on household bills is likely to benefit some, but not all, customers. Some segments of the population may respond in different ways to the benchmarks, with evidence suggesting that there may be a subset of households (e.g. below-average

energy consumers) who do not benefit from the current design and delivery of this information.¹⁴”

Use of smart meters and in-home displays are also useful ways to drive reduced energy consumption based on personalised usage. A comprehensive literature review by the Behavioural Economics Team of the Australian Government (BETA) referenced a large-scale real-world study by Ofgem and UK energy retailers (2011) that showed “interventions using smart meters are frequently successful and have large energy savings. The effectiveness was due to more sophisticated real-time displays and more frequent and accurate historic feedback and billing.” BETA also referenced a study by Schultz et. al¹⁵ that found that “direct feedback through in-home displays (IHDs) was the most effective way to drive increased energy efficiency activity. Providing real-time household electricity feedback through IHDs reduced energy usage by up to 9 per cent. The displays were most effective when they combined usage feedback with the cost of the electricity or normative feedback comparing them to the usage of similar households.” Additional research by Andor and Fels found that “the most effective behavioural interventions are real-time feedback through online and in-home displays, which had a higher effect than letters.”¹⁶

BETA summarised that “while usage information can help consumers to make more energy-efficient decisions, the effect sizes are small when compared to other interventions such as smart meters and IHDs. Improvements to bills that encourage the adoption of these systems could be a more effective method of increasing energy efficiency across the population.”¹⁷ While research has shown that consumer awareness of having a smart meter, and its features and benefits, is low¹⁸ work is underway by the Australian Energy Market Commission to help consumers benefit from smart meter technology, acknowledging the role of smart meters in the energy transition. This and other projects aimed at driving the uptake of smart meters will also help customers to better understand how to manage their energy usage through smart meters. When combined with improved access to data through the Consumer Data Right (CDR) for Energy¹⁹ consumers will have greater access to their own

¹⁴ Frederiks ER (2021) The efficacy and utility of electricity bill benchmarks: A review of the literature. CSIRO, Australia.

¹⁵ Schultz P, Estrada M, Schmitt J, Sokoloski R, and Silva-Send N, 2015. Using in-home displays to provide smart meter feedback about household electricity consumption: A randomised control trial comparing kilowatts, cost, and social norms. *Energy* 90, 351-358

¹⁶ Andor M.A. and Fels, K.M., 2018. Behavioural Economics and Energy Conservation—A Systematic Review of Non-price Interventions and Their Causal Effects. *Ecological Economics*, 148, 178-210.

¹⁷ Energy bill contents and billing requirements: literature review, Behavioural Economics Team of the Australian Government, p 15

¹⁸ Newgate Research, *Newgate Research final report – Australian Energy Market Commission Metering Review*, Australian Energy Market Commission, September 2021, accessed 16 May 2022, pp 25, 28.

¹⁹ [https://www.energy.gov.au/government-priorities/energy-markets/consumer-data-right-energy#:~:text=The%20Consumer%20Data%20Right%20\(CDR,of%20energy%20products%20and%20services.](https://www.energy.gov.au/government-priorities/energy-markets/consumer-data-right-energy#:~:text=The%20Consumer%20Data%20Right%20(CDR,of%20energy%20products%20and%20services.)

energy data and better visibility of their consumption. This data may be used to improve energy efficiency and/or help drive energy efficiency decisions such as investment in consumer energy resources, including solar PV systems, home batteries and electric vehicles (EVs)²⁰.

In addition, there are dedicated websites aimed at helping consumers understand their energy usage and promoting energy efficiency. For example, there is advice on www.energy.gov.au on how to manage electricity usage and reduce electricity bills that retailers may direct customers towards.²¹

3.2.2 Use in Victoria

Under the *Victorian Electricity Industry Act 2000* (section 40R) and the Energy Retail Code of Practice (s 63 (p); s 64) (the Code) a retailer must include in each bill information about greenhouse gas emissions as specified in the *Electricity Industry – Greenhouse Gas Disclosure on Electricity Customers Bills Guideline*²² or bill benchmarking information where the customer is a residential customer.

The AER is only required to develop electricity consumption benchmarks in accordance with the Retail Rules and this does not extend to retailers' obligations under Victorian legislation. Despite this, we have previously developed these benchmarks for Victoria as the additional cost of doing so was not significant when combined with 5 other jurisdictions.

The Victorian legislation does not refer to the AER's benchmarks as the bill benchmarking information to be included in bills. Rather, bill benchmarking information is simply defined in the *Victorian Electricity Industry Act 2000* (section 40P) to be information that make enables residential customers to:

- make a comparison between the use of electricity at the residential customer's place of supply; and the average use of electricity at similar places of supply; and;
- assess whether the use of electricity at the residential customer's place of supply is above, equal or below the average use of electricity at similar places of supply.

Some, but not all, retailers that cover the Victorian market have used the AER's electricity consumption benchmarks to meet the Code's requirements. Retailers may present information about greenhouse gas emissions instead and some do choose to do this. Going forward, retailers that still want to present electricity consumption

²⁰ Australian Energy Market Commission, *Directions paper – Review of the regulatory framework for metering services*, Australian Energy Market Commission, 16 September 2021, accessed 16 May 2022, p 15.

²¹ <https://www.energy.gov.au/households/household-guides/reduce-energy-bills>

²² <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/guideline-greenhouse-gas-disclosure-electricity-customers-bills>

benchmarks may either continue to use the AER's 2020 electricity consumption benchmarks in Victorian bills or develop their own benchmarks drawing on the data that they already collect. The Victorian Government may choose to develop refreshed electricity consumption benchmarks should it deem it necessary.

3.3 The use of electricity consumption benchmarks for other purposes

The electricity consumption benchmarks have been used for other purposes such as being the basis for comparative consumption amounts on the AER's Energy Made Easy website, however the ability to share the raw dataset across government and private industries has been limited in recent years by privacy and consent requirements.

Privacy risks

While raw data from our benchmarking process has been requested by other state and federal government agencies and researchers, both the 2017 and 2020 data sets were not released or published due to privacy concerns. Advice from CSIRO in 2019 was that while the release of the dataset could provide a large amount of value by researchers and other parties, publishing raw data at the individual response level remains a risk even after it is stripped of identifying data (such as National Meter Identifiers). This is due to the number of responses and details that were collected from respondents; the more data that is collected, the higher the risk of re-identification of individuals. Initiatives such as the Consumer Data Right (CDR) may provide alternative pathways to gaining access to meter data with appropriate safeguards and consent frameworks built in that are backed by legislation/regulation however these were not in place at the time of collection of the 2017 and 2020 data. The release of raw data at a granular level must also be balanced by the increasing risk of misuse of that data for fraud, identity theft or scams. Even if the electricity consumption benchmarks were to continue to be developed, it would be a risk to release the raw data set which researchers and other parties have indicated is more valuable than aggregated data.

Consent barriers

There have been additional barriers preventing the electricity consumption benchmark raw data being used for other purposes than just on residential bills. In 2020, the Australian Energy Market Operator (AEMO) supplied usage data under conditions that did not allow sharing of this data or for the data to be used for any other project; as a result, the consent statement that survey respondents agreed to did not consent to their data being used for projects other than electricity consumption benchmarking. Hence, the use of electricity consumption benchmarks for other purposes has been limited. As such, we do not consider that ceasing the development of electricity consumption benchmarks will have significant implications for the energy market as the data in more recent times has not been available to share.

We understand the critical role of data in facilitating the energy transition and the potential value of a dataset such as that gathered through the process of developing electricity consumption benchmarks. We note that there is alternative data that is

published in more recent times that did not exist at the time the benchmarks were developed (for example, ACCC electricity retailer billing data). Data such as this may be used by researchers and other stakeholders. Going forward, we expect that alternative sources of consumer energy consumption information and customer characteristics will be more readily available to researchers and other bodies. Reforms being considered as part the Energy Security Board's data strategy will aim to reduce barriers to accessing consumer billing data. These reforms will enable a more coordinated data sharing approach across energy bodies and allow research opportunities to address critical gaps in understanding changing consumer needs and behaviours during the market transition. In addition, the data strategy will consider consent issues along with a range of other common guidelines requirements to ensure that, where appropriate, stakeholders can access data from research undertaken by energy bodies and customers will ultimately benefit from this.

4 An explanation of how the proposed Rule will or is likely to contribute to the achievement of the National Electricity Retail Objective

The National Electricity Retail Objective (NERO) as stated in the National Electricity Law is:

“to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy.”

The AER considers that the proposed rule change would contribute to meeting the objective by facilitating more insightful AER reporting into market events and outcomes.

We consider that the resources that the AER would need to dedicate to developing electricity consumption benchmarks could be better directed elsewhere to deliver on the National Electricity Retail Objective. The development of bill benchmarks is a significant cost and resource burden on the AER – costing hundreds of thousands of dollars. We question the appropriateness of this ongoing obligation considering its questionable benefits and potential harms.

Removing the requirement to develop electricity consumption benchmarks would also alleviate the need for distributors to incur costs associated with providing detailed consumption data to the AER. This will reduce the regulatory burden and the costs to serve electricity to customers.

5 An explanation of the expected benefits and costs of the proposed change and the potential impacts of the change on those likely to be affected

Removing the requirement for the AER to produce electricity consumption benchmarks will:

- free up AER resources to deliver work in line with the National Electricity Retail Objective
- reduce the regulatory burden to distributors and costs to serve customers

We have consulted informally with a range of parties, including retailers, industry and consumer groups. We do not consider that repealing the requirement to develop electricity consumption benchmarks will have any significant impacts. There is no longer a requirement under the Retail Rules for retailers to include electricity consumption benchmarks in customer bills. It is the AER's understanding that most retailers are not intending to include the current electricity consumption benchmarks in bills. Some parties that we consulted with wanted the AER to develop more detailed electricity consumption benchmarks on the basis that these would be more beneficial than the current benchmarks. As the electricity consumption benchmarks are no longer a mandatory bill requirement, we do not consider that the development of more detailed but costly benchmarks as an efficient use of public funding. In addition, research into ways to promote energy efficiency may be conducted more flexibly and in a fit-for-purpose way by a range of parties, outside the constraints of the NERR.

We acknowledge that some customers may have relied on benchmark comparison on their bills to make choices around their use of energy, and that some of the future solutions to help them make choices will not be immediate (e.g. greater smart meter roll out, data gathered through the ESB Data Strategy). For these customers, the 2020 electricity consumption benchmarks will still be available for them to access via the AER website and used to generate estimates via Energy Made Easy. While they are not a perfect comparative, and will not be as easy to access as when they were present on bills, they will remain as an interim source of data for those who wish to seek out a comparison of usage based on households in the same climate zone with the same number of people residing in the house.