



Ms Merryn York
Acting Chair
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Bill Contents and Billing Requirements – Consultation Paper (RRC0036)

Dear Ms York

The Energy and Technical Regulation Division (the Division) of the South Australian Department for Energy and Mining thanks you for the opportunity to comment on the Bill Contents and Billing Requirements rule change – Consultation Paper.

The Division generally agrees with the concerns raised by the proponent in the rule change request. We support measures which are aimed at reducing the confusion associated with consumers understanding their energy bills. We also consider that further engagement with consumers via their energy bill is important particularly as, for many consumers, their energy bill is the only ongoing interaction they have with their retailer regarding their usage, energy prices, and how to access crucial services and supports.

While we agree there are issues with the current energy bills, the current rules provisions ensure consumers have the key information required to understand their energy usage, costs and how to interact with their retailer.

In our view it is imperative that a bill provides the customer with information regarding how their bill is calculated, enables them to understand their usage (including how it has changed over time and compares to others) and where to go for assistance.

Other current requirements would be deemed necessary in any form of customer billing - such as how the customer can pay, the customer's administrative details etc. It is therefore not clear to us which of the current National Energy Retail Rule 25 requirements should be removed, as is proposed.

Although the rule proponent's proposed principles "*to ensure small customers can: easily identify key information; easily verify how much energy they consume and how their bill is calculated; confidently query or dispute bills; and confidently navigate the market and seek the best offer*" are consistent with the current requirements, it is not yet clear how the detailed requirements of the final guideline will end up differing from the current rule requirements.

Further, while the proponent suggests that further consistency would be achieved by the proposed approach, it is unclear how a principles-based approach will result in

greater consistency. We consider this may create more scope for interpretation by retailers, and therefore potential for more inconsistency amongst retailers' bills.

With regard to information currently provided on bills, it is worth noting that prior to South Australia's adoption of the National Energy Customer Framework (NECF), South Australian energy retailers were subject to a number of obligations under the *Electricity Act 1996*, *Gas Act 1997*, local Regulations and Codes issued by the Essential Services Commission of South Australia (ESCOSA). Retailers' obligations with respect to billing and bill formats included that the following information be presented on a customer's bill:

- customer's average daily consumption level for the billing period
- customer's average daily consumption for the previous 12-month period
- average daily cost to the customer for the billing period
- a specific statement to access energy efficiency information from the ESCOSA website.

With the adoption of the NECF in February 2013, the above obligations were replaced (for on-grid customers) by rule 25 of the National Energy Retail Rules (NERR) which specify bill contents for both standing and market contracts including the presentation of average daily consumption for the billing period, average daily consumption for the corresponding billing period for the previous year and energy consumption benchmarks under part 11 of the NERR.

Part 11 includes a requirement that a customer's average electricity consumption be compared to the benchmark, and that this comparison be presented in tabular/graphic form as well as that there be a reference to an energy efficiency website. It is the various obligations under this rule that effectively replace the previous South Australian requirements.

It is our preference that these obligations remain going forward to ensure customers can easily compare their consumption against similar households, and against their historic consumption levels.

This information is considered important to ensure consumers are aware of any unexpected increase in usage, results of any energy efficiency measures implemented or to encourage further behavioural changes. By moving this information from bills to other platforms, without consumer consent, may reduce its impact and reduce consumer engagement, which contradicts what should be an objective of this work.

While we favour the preservation of the current requirements going forward, we also agree that bills can be confusing for some customers and may be preventing them from engaging further with the market. Improvements to the rules could therefore be made to overcome the current concerns and ensure there is less customer confusion when reading energy bills.

In terms of possible improvements, we would support standard terms being required to be used by retailers in bills to avoid confusion and enable better comparisons to be made by consumers. The use of 'supply charge' is an example of this, where many retailers use different terminology to describe the same charge.

Feedback we receive through the Division's Energy Advisory Service, who deal directly with customers through written correspondence and an advisory telephone service, suggests that consistency across retailers in their presentation of other components of a bill would also be beneficial to customers.

Consistency in the presentation of GST on an energy bill is one example. While GST is referred to in the NERR (NERR 46 and in Schedule 1 - Model terms and conditions) it is in reference to how GST is applied in a contract, or notice provided to customers regarding a change in tariffs. There is no requirement regarding how it is to be applied on a customer's bill.

Similar to this, with regard to feed-in tariffs, feedback suggests that the bundling of these tariffs makes it unclear which is the retailer's feed-in tariff, and which is provided via the distribution feed-in tariff. While the latter is now only provided to eligible solar PV systems that were connected to the grid before 30 September 2011, and is due to expire on 30 June 2028 in South Australia, we consider that unbundling the presentation of these tariffs on a customer's bill will encourage further comparison of retailer feed-in offers.

This is particularly important in South Australia as, from 2017, ESCOSA has not set a minimum amount for the Retailer Feed-in Tariff scheme. In addition, the new features on the redeveloped Energy Made Easy website include solar feed-in tariffs in price estimates, if users have solar panels and provide their solar data. Given this, being able to identify a consumer's retailer feed-in rate on a current bill will enable consumers to better compare offers across the market, and further enhance competition.

Feedback also suggests that consumers are confused by the way retailers present usage information on bills, in some cases where information is spread out over separate parts of the bill. Retailers should be required to include all relevant information regarding total consumption of energy (current NERR 25(n), average daily consumption during the billing period (NERR 25 (k)) and average daily consumption during the previous year's billing period (NERR 24(l)), as well as the benchmarking requirements of NERR 170, in an easy to understand format or graphic in a clearly separate part of the bill. This would enable consumers to better understand their consumption levels, rather than being overwhelmed and confused by the various pieces of information spread out over their bills.

While we are cognisant that requiring additional information to be included in bills may incur a transition cost, if additions are being proposed we consider some space on the bill should be dedicated to the promotion of the Energy Made Easy service and identifying what billing information can be used to utilise the service. We understand this is currently included on some retailers' bills.

While information overload is a concern when it comes to energy bills, certain information is seen to add value to consumers. We consider that information overload could be managed in other ways, such as requiring simple, important information to be presented clearly on the front page of a bill, with more detailed information on subsequent pages or, if a customer agrees, via electronic platforms.

The ability for retailers to communicate billing information through other digital means such as web portals, mobile apps and email creates more flexibility for retailers to distribute information and should be utilized when and where the customer agrees. This will be important as consumption data becomes more granular.

Finally, we consider the issue raised by the Commonwealth for consideration regarding the frequency of delivery of bills should not be progressed. The current requirement under Rule 24 of the NERR for a retailer to issue bills at least once every 100 days, unless the retailer and small customer agree to a different billing cycle, is appropriate and enables a flexible approach to be adopted when the customer agrees. Amending this rule may result in some consumers receiving bills less frequently, and may result in them becoming less engaged with the energy market.

In summary, we consider that there is value with maintaining many of the current minimum requirements contained within the current rules, however, consumer benefit could result from more consistency in the presentation of the required information.

The South Australian Government thanks the Commission for the work undertaken on the rule change.

Should you have any questions in relation to this submission, please contact Ms Rebecca Knights, Director - Energy Policy & Projects, Energy and Technical Regulation Division, on (08) 8429 3185.

Yours sincerely



Vince Duffy

Executive Director
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24 November 2020