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Stephanie Flechas
Australian Energy Market Commission
By email: stephanie.flechas@aemc.gov.au

**ENERGY CONSUMERS AUSTRALIA SUBMISSION ON THE NATIONAL ENERGY RETAIL
AMENDMENT (BILL CONTENTS AND BILLING REQUIREMENTS) RULE**

Dear Stephanie

Energy Consumers Australia appreciates the opportunity to comment on the Australian Energy Market Commission's (AEMC) *National Energy Retail Amendment (Bill Contents and Billing Requirements) Rule Consultation Paper*. Energy Consumers Australia is the national voice for residential and small business energy consumers. Established by the then Council of Australian Governments Energy Council in 2015, our objective is to promote the long-term interests of energy consumers with respect to price, quality, reliability, safety and security of supply.

Energy Consumers Australia agrees that there are opportunities to improve billing to deliver simpler, more understandable bills for energy consumers. As the rule change proposal notes, there are numerous sources of evidence that demonstrate the current billing requirements are not meeting consumers' expectations.¹ Our own evidence also shows that a large number of consumers think there is room for improvement in the communications they receive from their energy company.² Nearly a third of respondents to our [June 2020 Energy Consumer Sentiment Survey](#) did not positively rate the billing and account options (such as monthly billing or online accounts) from their supplier.

We also agree that there may be better alternatives to the prescriptive rule-based approach. Our view is that principles-based regulation has many benefits, including improved consumer outcomes. Used in conjunction with subordinate instruments, such as mandatory guidelines or industry codes, this approach can remain flexible and responsive to change, yet provide useful guidance to businesses on expectations. It would also enable greater flexibility and innovation for energy services providers who are looking to go 'above and beyond' the letter of the law to deliver for their customers.

We note that the Statement of Expectations issued by the Australian Energy Regulator in response to the COVID-19 pandemic is an example of this approach and has been well received by industry and consumers. However, a principles-based approach carries with it risks that must be addressed for consumers to have confidence in the process. These risks are discussed below.

Consumers are missing the information and tools they need to manage their energy costs. In our June 2020 survey only 55% of households and 57% of small businesses had enough easily understood information to make decisions about energy products and services. Without good information or tools, managing energy use in the home or business remains a matter of guess-work, and the bill has been a poor means of filling this gap. As the AEMC Consultation Paper notes, current bills serve at least five different functions and are not fit-for-purpose for the consumer – which adds to the complexity and confusion.

¹ For example, the Australian Competition and Consumer Commission's Retail Electricity Pricing Inquiry Final Report and AGL's 2018 research project.

² In June 2020, the proportions of household consumers who agreed that communications from their energy company provide useful information ranged from 47% (Tasmania) and 58% (Victoria), while 59% of small business consumers agreed.



We would encourage the AEMC to consider which functions are essential to paying the bill, and which functions could be better addressed through other means to provide the services consumers need.

We note that energy consumers are diverse and not all will have the desire, or means, to transition to digitalised engagement, so it is essential that new requirements account for this. For example, many people in shared houses find paper bills useful, while older Australians or those for whom English is not their first language may find simpler bills in a standard format more useful.

Demonstrating the outcomes of any change in billing remains a priority. While it is improving, trust and confidence that the market is working in consumers' interests remains low (around 36% for households). Consumers need to have confidence in a new framework. However, this does not need to be via a prescriptive rule-based compliance or enforcement framework. Subordinate guidelines or industry codes can provide sufficient guidance to retailers to ensure and monitor outcomes. We note there are other jurisdictions where principles-based regulation has been applied (for example the [binding principles](#) applied by Ofgem in the United Kingdom) or in other industries where industry codes are in place (for example the [Telecommunications Consumer Protection Code](#)) that could be used to inform changes to billing under the National Energy Retail Rules.

We consider that developing subordinate guidelines provides an opportunity for industry to show a willingness to develop a better approach, which will go some way to rebuilding trust and confidence in the market. Consumer focus groups, together with a collegiate industry working group (consisting of consumer representatives, retailers and the regulator) could develop solutions which deliver better bills for consumers, while also addressing the risks outlined above.

These focus groups would be able to represent the diverse range of small consumers and could provide insight not just on billing preferences, but also on alternative approaches to delivering the other functions that are currently performed by the bill, but might be better addressed through other means. I note that this approach aligns with the suggestion by the Australian Competition and Consumer Commission (ACCC) that any improvements to bills should be made on the basis of consumer testing and consumer research.³

In our view, transitioning away from the prescriptive rules can deliver better consumer outcomes. We consider that reforms to the billing rules provide an opportunity for industry to boost trust and confidence in the energy market.

Should you have any questions about our comments in this submission, or require further detail, please contact Jacqueline Crawshaw, Acting Director, by phone on 02 9220 5520 or by email at jacqueline.crawshaw@energyconsumersaustralia.com.au.

Yours sincerely

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³ ACCC, Retail Electricity Pricing Inquiry Final Report, p.289.