

4 February 2021

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Australian Energy Market Commission
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Lodged electronically: <https://www.aemc.gov.au/contact-us/lodge-submission>



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Dear Commissioners

AEMC Bill Contents and Billing Requirements

EnergyAustralia is one of Australia's largest energy companies with around 2.5 million electricity and gas accounts across eastern Australia. We also own, operate, and contract an energy generation portfolio across Australia, including coal, gas, battery storage, Demand Response, wind, and solar assets, with control of over 4,500MW of generation capacity.

EnergyAustralia welcomes the opportunity for further participation in the AEMC's consultation, bill contents and billing requirements (*the draft determination*). EnergyAustralia does not support the rule proponent's (The Hon. Angus Taylor MP) or the draft determination's preference for establishing an AER guideline, as we believe there are alternative options within the existing regulatory framework that would address the rule proponent's requirements.

EnergyAustralia's preference – as outlined in our submission to the issues paper – remains with minor amendments to the NERR, thereby ensuring consumer protections, retailers are able to produce 'better bills' based on customer preferences, and billing obligations compatible with future innovation:

1. *NERR to include an obligation that customers must be provided a physical bill upon request, and the delivery method cannot be altered without their consent. The obligation should enable this by requiring an energy retail entity¹ to have the capacity to provide physical bills.*
2. *NERR to specify where a retailer must provide access to required customer protection obligations, whether this is completely on the bill, or with some elements on the bill and the remaining accessible via web or app platforms.*

¹ within the wider organisation of any authorised retailer

3. *NERR to specify that retailers can produce and issue 'bills' based on the customer's chosen preference for the delivery of, and access to, these obligations (incl. not issuing a formal bill if a customer prefers to interact with a web or app platform).*

Further to our previous suggestions, we support an additional NERR amendment to establish consistent nomenclature for currently inconsistent terminology, such as, acronyms CR (credit) and DB (debit), and controlled-load tariff/off-peak tariff:

4. *NERR to specify required nomenclature for common billing terms and phrases.*

EnergyAustralia believes the amendments proposed to the NERR billing obligations will address the objectives of the proponent, future proof billing, promote innovation and competition, while limiting the need for extensive changes to retailers' billings; we believe given the opportunity a competitive market can achieve customers' evolving billing desires.

However, if an AER guideline is pursued, EnergyAustralia believe the AEMC's final determination should provide clear analysis of the potential shortcomings of this option, and consideration for additional safeguards to protect the integrity of the process.

The AEMC draft determination stated that, compared with obligations in the NERR, an AER guideline would be '*more responsive and adaptable to change*', and therefore able to '*keep pace with market developments and consumer preferences*'. We agree that guidelines are more flexible and able to deal with change than rule provisions, and are also typically better able to accommodate matters of detail such as information provision which are pertinent to customer bills.

Our experience with AER guidelines on retail matters is that they can be highly prescriptive. This requires a deep understanding of the needs of the market or preferences of energy consumers. We recognise the desire to promote better customer outcomes, however we consider it is preferable to encourage retailers to deliver this wherever possible as they best understand customer needs, rather than have the AER directly prescribe outcomes as it is somewhat removed from retailer-customer interactions. The ability of guidelines to be appropriately updated in line with market developments and changing customer preferences is similarly dependent on the AER's awareness of such changes.

The AER's Customer Hardship Policy Guideline² and Retailer Pricing Information Guideline³ (RPIG) were prescriptive and created standardised retail offerings, to the detriment of retailers being able to produce more customer-oriented information. Notably, the RPIG created a representation for retailer pricing information that – albeit consistent – if used for billing, would be in contradiction to the goal of the rule change proponent to '*simplify energy bills*'; the RPIG did not establish broad objectives that retailers could tailor to suit their customers' needs, instead requiring 35 specific obligations, and virtually identical, complex and information overloaded, offerings from retailers.

The draft determination proposed a requirement for '*industry consultation in the development and review of the guidelines*'. To ensure this consultation is appropriately reflected in guidelines and

² [AER Customer Hardship Policy Guidelines](#)

³ [AER Retail Pricing Information Guideline version 5](#)

promotes better customer outcomes, we recommend that it be supplemented by steps or factors that the AER must take into account, namely:

- Decisions should be subject to some form of consumer behavioural testing – limiting the prevalence for customer preference to be determined without any customer involvement.
- Establish a prescribed consultation process – providing assurance that a reasonable timeframe will be provided for participation in any guideline amendment, by establishing the minimum timeframes for each step in the consultation process.
- Assessment of business resource constraints – consideration of forecast regulatory changes that will impact implementation timeframes imposed by amendments to the guideline.
- Cost-benefit analysis – final stage in the process, considering the outcomes of the proceeding requirements, that will ensure any decision made to amend the guidelines is based on a justified benefit.

Additionally, the AEMC must consider how the AER can achieve their bill simplification goals when jurisdictional billing requirements are outside their remit. The implementation of changes to billing would be improved if the guideline was the single unified billing requirement.

The draft determination proposed a 12-month development timeframe for the AER guideline, followed by a 3-month implementation timeframe for retailers. EnergyAustralia would not be able to implement changes, the scope of which has been proposed, within this timeframe. Simple changes such as the AER Consumer Benchmarks are completed within a 3-month timeframe, while extensive changes like the ESC's 'best offer'⁴ regulation required 9-months to implement. EnergyAustralia proposes the following timeframe for the development and implementation of the AER guideline:

1. 1-year from the final decision for the AER and market participants to consult on the guideline, including customer behavioural testing.
2. 9 – 12-months from the completion of the AER guideline for retailer implementation.

If you would like to discuss this submission, please contact me on 03 8628 1704 or Travis.Worsteling@energyaustralia.com.au.

Regards

Travis Worsteling
Regulatory Affairs Lead

⁴ [ESC Building trust through new customer entitlements in the retail energy market](#)