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Thursday, 4 February 2021

Ms Stephanie Flechas
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

By email: <https://www.aemc.gov.au/contact-us/lodge-submission>

Dear Ms Flechas

RE: RRC0036 - Bill contents and billing requirements, draft Rule Determination

ERM Power Retail Pty Ltd (ERM Power) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) draft Rule Determination which proposes to amend the National Energy Retail Rules (NERR) to require the Australian Energy Regulator (AER) to make billing guidelines in relation to how retailers must prepare and issue bills to small customers.

About ERM Power

ERM Power (ERM) is a subsidiary of Shell Energy Australia Pty Ltd (Shell Energy). ERM is one of Australia's leading commercial and industrial electricity retailers, providing large businesses with end to end energy management, from electricity retailing to integrated solutions that improve energy productivity. Market-leading customer satisfaction has fueled ERM Power's growth, and today the Company is the second largest electricity provider to commercial businesses and industrials in Australia by load¹. ERM also operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland, supporting the industry's transition to renewables.

<http://www.ermpower.com.au>

<https://www.shell.com.au/business-customers/shell-energy-australia.html>

General Comments

The AEMC has made a more preferable draft rule requiring the AER to develop a mandatory billing guideline. The AEMC notes that "a mandatory guideline with clear billing objectives and development principles is likely to be more responsive and adaptable to changes in the retail market and consumer preferences". ERM Power supports this sentiment and is encouraged that the AEMC is considering a regulatory approach that can deliver on flexibility and innovation for small customers while retaining customers protections.

However, we are concerned that a mandatory billing guideline poses a risk that a one-size fits all approach to bill information requirements will eventuate, reducing a retailer's ability to innovate and deliver information in the best manner for their customers. For example, often guidelines are developed to meet the needs of the dis-engaged or vulnerable small residential customers, rather than considering the different needs within the small customer sector. With regards to a billing guideline, this is especially risky for small business customers where bill information to assist a vulnerable small residential customer is not actually suitable for business needs. The small business customer may then receive sub-optimal information which doesn't provide any real benefit in assisting

¹ Based on ERM Power analysis of latest published information.



them understand their energy bill. As such, ERM Power does not support mandatory billing guidelines being developed.

As noted in our submission to the consultation paper, ERM Power supports an approach that enables retailers to provide an energy bill in a format, and with information, to best suit the diverse needs of their customers (including small business).

Our preference continues to be that minimum information and accessibility requirements, covering the functional aspects of a bill, be retained in the NERR for all small customers. This would include information such as payment amounts, dates, methods for their bill, how the bill is calculated and dispute processes. ERM Power considers that a smaller list of minimum bill contents fundamentally delivers on what the purpose of the bill is and will continue to provide protections to all small customers. This then leaves retailers the discretion to tailor the bill content to the market segment they service or provide information via other channels, without overwhelming small customers with information not relevant for their circumstances.

Draft Rule 25A

If, in its final decision, the AEMC does rule a mandatory billing guideline is to be developed, ERM Power considers some amendments could be made to the drafting of clause 2 to better meet the assessment framework of transparency and customer choice.

ERM Power considers there is real value in ensuring all customers are provided with meaningful information to help them engage with the energy market. However, this should be in a manner which is appropriate for their individual needs. Our market research and experience has found that around 60% of small customers use an online billing channel and that a large segment of small customer's pay via direct debit. This means that in many cases a small customer will not engage with their bill and makes prescribed information, broader than the functional aspects of a bill, redundant. For example, our small business customers can download consumption data from a portal which provides more dynamic information relevant to their individual circumstances rather than a usage benchmark on a bill which is static. In addition, for small business customers, it is often the case that a bill is just another tax invoice paid by the business accountant. As such, information on a bill targeting aspects such as energy efficiency, engaging in the market, and investing in self-supply options, is likely to be of no value to the business accountant. This information is likely to be more meaningful if the customer can make a choice on how they want to access this such as through a digital portal or app.

In our submission to the consultation, we noted some of the difficulties the current billing regulations pose for multi-site business and small business customers. In the draft determination, the AEMC stated that "it considers more information on this issue as it relates to billing, and potential solutions, will be gained from consumer research in developing the AER guideline".

As such, ERM Power recommends that clause 2(c) of the proposed Rule 25A be removed (highlighted red below). Before prescribing billing objectives around assistance with energy consumption and production - that is broader than what is needed to assist a customer understand how their bill is calculated - customer research should be undertaken to determine if a bill is actually the best method to deliver this information to small business customers. We consider that small customers should be able to ascertain this information, but we question whether the bill is the right format to do this for all small customer segments.

In addition, rather than the bill being the default instrument for all information for customers, it would be beneficial for the AEMC to consider whether current regulatory obligations aimed at helping customers make informed decisions about energy plans are better placed to meet the intent of clause 2(c). Obligations related to the Retail Pricing Information Guidelines, Basic Plan Information Documents, and Benefit Change Notices have been



introduced for the purposes of assisting customers make more informed choices. We consider these continue to be the appropriate channels to communicate information to assist small customers better engage in the retail market.

25A Billing guidelines

- (2) *The objectives of the billing guidelines are to enable small customers to easily understand:*
- (a) *payment amounts, dates and methods for their bill;*
 - (b) *how their bill is calculated and whether it conforms to their customer retail contract;*
 - ~~(c) *their energy consumption and production, and related costs and revenue, to assist with:*~~
 - ~~(i) *using energy efficiently;*~~
 - ~~(ii) *comparing their customer retail contract with other energy offers available to them;*~~
 - ~~(iii) *considering options for energy supply other than through the interconnected national electricity system;*~~
 - (d) *how to dispute or raise a query in relation to their bill;*
 - (e) *how to access interpreter services and seek financial assistance, (billing objectives).*

Implementation

The AEMC has proposed that retailers will be required to comply with the billing guideline from 4 August 2022, that is three months from the AER finalising the guideline. If the final guideline is simple, in that it largely keeps to requirements that are currently in the NERR, a three-month implementation timeframe is suitable. However, if the guideline deviates from current requirements and is more complex, a longer lead time will be required for retailers to undertake calculations, redesign bills and to make the system changes needed to support this. Given the necessity of ensuring a customer's bill is accurate, and it has not been demonstrated that there is an urgent need for this rule change, ERM Power cautions against a rushed approach to implementation. Proper consideration is important to deliver in the best interests of all small customers.

Conclusion

ERM Power supports a regulatory approach to bill contents and format which promotes flexibility and innovation while providing customer protections. We are concerned that a mandatory billing guideline will not enable us to tailor our bills to better meet the future needs of small business customers. We also consider that there are already requirements on retailers to provide a suite of information aimed at assisting customers engage in the market. As such, ERM Power supports a smaller list of minimum bill contents being retained in the NERR rather than the AER developing a new guideline.

ERM Power welcomes the opportunity to discuss with the AEMC our experience with small business customers. Please contact Carmel Forbes at carmel.forbes@shell.com or 07 3364 2404 if you would like to discuss this further.

Yours sincerely,

[signed]

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