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### Bill contents and billing requirements Consultation Paper

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group) thanks the Australian Energy Market Commission (the AEMC) for the opportunity to provide comments in response to the AEMC's Bill contents and billing requirements Consultation Paper (the Paper).

#### Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar Wind Farm in South Australia, followed by the Mt Mercer Wind Farm in Victoria. In early 2018 we acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

#### Statement

MEA Group supports the Paper and the broader review into the regulatory content of energy bills. Specifically, MEA Group agree that there is significant regulatory burden associated with bill content requirements, many of which have been added in over time, in response to isolated issues.

MEA Group understands paper bills are still a preference for some consumers. However, our business model has successfully applied a wholly digital framework to our products and offers. Powershop offers an innovative, digital engagement model that has resonated with those who customers who choose to join Powershop.

MEA Group agrees with categorising bill content into Administration and Energy specific with Rule 25 of the National Energy Retail Rules (NERR) rationalised on the basis of information most useful to customers. Any potential rule change must not contradict items already covered by Australian Consumer Law (ACL) and all relevant tax laws given an energy bill is issued primarily to comply with relevant tax law.

MEA Group believes that retailers should be enabled and encouraged to provide the means for customers to manage their energy costs outside of the bill, through other media and proactive engagement. It is important to explore how the bill can be more useful for customers. MEA Group believes that over-prescriptive requirements that have not been tested or co-designed with customers will not benefit the customer in the short or long term and will inevitably not suit the requirements of all customers. This Paper and associated consultation should encourage other means of proactive engagement for the customer with their retailer and explore further how the bill can be more useful.

MEA Group does not agree with a rule that results in costly changes to bills or changes the way innovative retailers operate and engage with customers. Such costs, which no longer include IT development costs but marketing, legal and other costs, are ultimately borne by consumers. These costs in our view would outweigh the, as yet unknown, benefits this rule change seeks to deliver. On this basis, MEA Group would broadly support a more principles-based approach regarding billing content requirements that encourages customer empowerment through retailer innovation. MEA Group consider that there must be further consultation with this approach.

#### QUESTION 1: UNDERSTANDING ENERGY BILLS

1. Do you agree with the statement of issues by the proponent, that bills are no longer fit for-purpose because there are gaps in content, the information is too dense, and the language is too complex? Please explain your view.

MEA Group agrees that bills under the current regulatory framework are dense with information and no longer fit for purpose. With significant regulatory changes over the preceding years, the bill has become confusing (e.g. National Energy Retail Rules, clause 25(o), compulsory benchmarking data not up to date). In addition, confusing regulatory definitions and terms also apply to current energy bills that customers may not clearly understand. MEA Group does not agree that a consistent billing format would solve these issues or be required once the review of Rule 25 confirms a set of reduced, basic requirements are confirmed.

2. If you consider there are issues with billing, do the NERR billing provisions cause or contribute to these issues? Please explain your view with reference to the specific requirements listed in Table 3.1.

The key concern with these provisions is the significant regulatory creep that has occurred. Based on this, MEA Group support a prioritisation of items under Rule 25, to be presented consistently to customers. Importantly, this should not come at the expense of the ability for a retailer to communicate these core requirements to their customers based on agreement under a specific contract.

#### QUESTION 2: RECEIVING ENERGY BILLS

1. Do you agree there is a need to specify requirements for retailers on how they issue and deliver bills? Please explain your view.

The current rules advising that a bill should be issued to a customer at least every 3 months for electricity and 2 months for gas is adequate. Using this rule as a basis, MEA Group believes that the option to deliver bills should therefore be agreed through the energy contract between the customer and retailer. Customers have differing needs and preferences as to how they receive energy bills, and the competitive market provides significant choice in this regard.

2. Do you have a view on how best to give effect to the principle of consumer choice driving billing issuance and delivery? Please explain your view.

MEA Group's view is that the competitive market will provide consumers with the appropriate choice with regards to the method and timing of delivery of bills. Ultimately, consumers should have the choice, not prescribed via regulation. Consumers who may benefit from a lower cost service for agreeing to interact with a retailer digitally should not be penalised by this rule change.

#### QUESTION 3: MATERIALITY OF THE ISSUES

1. Which, if any, parts of a bill are confusing to customers, and how does any confusion affect a customer's ability to engage with the market to better manage their energy?

MEA Group does not have any specific evidence that a customer finds our billing confusing, in fact, MEA Group have evidence to the contrary which will be provided separately to the AEMC. The largest proportion of billing complaints relate to high bills, as opposed to any failure to understand the bill itself. MEA Group believes this is a result of the tailored service provided to our customers through our digital platforms. Customers receive core billing information as required under the NERR. However, the customer can also see, at their own discretion and at any time, much of the information specified under rule 25.

Powershop's retail products have been designed to empower customers with transparent access to their energy costs and usage, not limited to provision via the bill. MEA Group believe that innovation of this nature is vital to enable progress in consumers' energy experience, to meet their growing needs and expectations.

MEA Group notes that the proponent raised the issue of rate comparison and proposed that the bill could address this for a customer. Energy Made Easy has the ability for customers to upload energy data to enable comparisons of rates at any time and MEA Group welcomes this opportunity for customer engagement.

However, the bill does not need to be portrayed as the only way (or the preferred way) for customers to compare their existing offer with market offers.

2. How do current billing arrangement meet or not meet customer requirements? Please specify whether your comments relate to all customers or specific segments of customers.

The current billing arrangements meet what is required under the ACL and relevant tax law. Any further requirements are potentially discretionary or secondary in application to customers (e.g. solar, benchmarking, GreenPower). The concern around billing not meeting customer requirements is that the billing content is not always applicable or relevant for all customers, or a subset of customers.

3. Do you have suggested improvements to billing arrangements that address any issues you consider are material? Please explain how your proposed solutions are compatible with the trend towards increasing digitalisation, the move to a two-sided market, and the introduction of the Consumer Data Right in energy. MEA Group refers to our responses to Question 6, 7 and 8.

#### QUESTION 4: RELATED PROJECTS AND RESEARCH

2. What key lessons should the Commission take from good practice regulatory frameworks for bills in comparable Australian sectors, or energy retail markets overseas?

MEA Group believes that the question assumes there is a material concern regarding the application of bills in the market. MEA Group's own internal feedback and findings suggest billing enquiries or complaints concern the value of the bill as opposed to any systemic concerns regarding its format. MEA Group have previously received positive feedback regarding the clarity of Powershop bills.

MEA Group note that as of January 2019, there were 21.7 million Internet users in Australia, constituting 87% of the Australian population, 93% of these internet users use the internet every day<sup>1</sup>. The banking industry have platforms that function that we use with digital Apps and online account access available. The significant uptake of online banking would suggest this is a successful way of engaging customers as well as ensuring costs are alleviated.

Customers who sign up to Powershop agree to receive their bill by email upon entering a contract. Powershop customers also have the ability to view billing details through the internet or on the Powershop mobile application. Importantly, if a customer is not comfortable with engaging in this way, they have the choice to sign up to a retailer who does not require that they engage in this way. This is a clear sign of healthy competition and innovation.

#### QUESTION 5: PROPOSED SOLUTION

1. To what extent would the proposed solution address the identified problems and their causes, and promote the NERO?

MEA Group does not believe the proposed solution of a Guideline would meet the needs of the NERO. We expand on this issue in response to Question 7.

#### QUESTION 6: RULES-BASED APPROACH

Are there rules-based solutions that the Commission should consider (e.g. filling gaps in rules 25 and 170 of the NERR, a principles-based bill format provision, or using opt-out provisions for information pertaining to certain bill functions)? Please explain (i.e. benefits, costs and risks).

As an industry, the ability to compete and differentiate between retailers has been significantly reduced by regulated pricing, discount caps and consequently a reduced capability to offer products and offers. Our market must remain competitive despite these constraints so less constraints via a multiple set of rules would benefit the market greatly.

MEA Group would support a modified list of core requirements under Rule 25 as per above. The rules should be drafted in a simple, meaningful way, that provides retailers the opportunity to help the customer engage with their energy through the bill. MEA Group do not believe there are any benefits to be gained by standardised billing across the industry. Such an approach would be detrimental to innovation. MEA Group are unaware of evidence that would indicate this approach would benefit consumers or consumer engagement.

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<sup>1</sup> <https://www.roi.com.au/blog/australian-internet-social-media-statistics-2019#:~:text=As%20of%20January%202019%2C%20there,relatively%20stable%20in%20recent%20years.>

#### QUESTION 7: NON-RULES BASED APPROACH

Are there non-rules based approaches — such as an industry code, a non-binding guideline or other industry initiatives — that the Commission should consider to address the issues raised by the proponent and their causes? Please explain (i.e. benefits, costs and risks).

MEA Group advises that a preferred approach would be guidance to be issued by the AER that addresses how the core items under a revised Rule 25 of the NERR can be applied.

MEA Group agrees with the Paper's statement that the objective is "to improve the experience of small customers in relation to billing for the retail supply of energy"<sup>2</sup>. However, MEA Group does not believe, nor has the confidence this could be achieved through a regulatory guideline. For example, The Retail Pricing Information Guidelines (RPIG) has created consistent confusion, and challenges for retailers and consumers alike. There are clear challenges with introducing guidelines and a framework that can allow innovation. The constraints the RPIG has placed on industry to effectively engage customers, illustrates that a guideline may not be appropriate in this regard.

MEA Group believe guidance that assists delivering the proposed principles is appropriate in order to "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"<sup>3</sup>.

Further, as a member of the Energy Charter (EC) MEA Group place our customer's needs at the heart of everything we do. MEA Group would recommend requirements are developed that are co-designed, tested or proven with customers or their representatives.

#### QUESTION 8: HYBRID APPROACH

Are there hybrid approaches — a suite of rules and non-rules approaches — that the Commission should consider to address the issues raised by the proponent and their causes? Please explain (i.e. benefits, costs, risks, and balance between principles-based and prescription and rules/non-rules)?

MEA Group refer to its responses to Questions 6 and 7. A combined approach would see Rule 25 in a more simplified form underpin this guidance we refer to. This framework would allow for the industry to further innovate and improve services from multiple retailer types, while also maintaining a consistent standard for bills.

Within the EC is a guiding principle that for a competitive market, a retailer who is an outstanding performer requires other retailers to lift and find better ways to perform. This would include customer engagement arrangements such as billing. To outperform, retailers need to innovate and to innovate, flexibility and adaptability are required. The proposed hybrid framework would allow for such behaviours and improvements.

#### QUESTION 9: ASSESSMENT FRAMEWORK

Is the proposed assessment framework appropriate for considering the rule change request? Are there other considerations that should be included?

MEA Group is supportive of the assessment framework.

MEA Group note that the cost of this proposal would be significant across the industry. MEA Group would encourage the AEMC to consult further on these costs before contemplating a draft decision. The AEMC should also be cognisant that any additional cost that this rule entails could impact on the sector's recovery from the COVID-19 pandemic in 2021, as well as any core investments needed for other regulatory requirements including 5MS, Two-sided markets and general post-2025 projects managed by the Energy Security Board.

Billing, in isolation, has not caused any market failure, rather regulated billing contents have caused issues around increasingly dense information and customer confusion to arise. MEA Group would question whether customers are more disadvantaged from one retailer to the next due to billing arrangements or presentation. We encourage the AER and the proponent of the Paper to understand that innovation should not be interpreted as inconsistency and therefore a detriment to customers.

Finally, by not increasing the regulatory burden around billing, MEA Group expect opportunity for further innovation. Innovation through digitalisation will become increasingly important with a shift towards distributed energy resources and two-sided markets on the horizon. A just transition includes a successful innovative energy system, in which retailers are encouraged and enabled to innovative in the consumers best interests.

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<sup>2</sup> AEMC, Bill contents and billing requirements – consultation paper, 2020, page 20

<sup>3</sup> AEMC, Bill contents and billing requirements – consultation paper, 2020, page 20

MEA Group would encourage further consultation on this rule change with key stakeholders. We would also be happy to directly consult with your team to further discuss the positions we have taken in our submission. If you would like to discuss any aspect of this submission, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Ell', written in a cursive style.

James Ell  
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Meridian Energy Australia  
Powershop Australia Pty Ltd