



Ms Anna Collyer
Chair
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Bill Contents and Billing Requirements – Draft Determination (RRC0036)

Dear Ms Collyer

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 – Draft Determination.

As noted in our submission to the Commission's 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 support.

While we agree there are issues with the current energy bills, we consider the current rules provisions ensure consumers have the key information required to understand their energy usage, costs and how to interact with their retailer. We therefore do not support the removal of the National Energy Retail Rule (NERR) 25 as is proposed in the Commission's Draft Determination.

We note the guideline approach may result in the retention of key information, however, there is significant uncertainty that this will be the result, noting the different stakeholder views on this matter. The approach risks losing important information which consumers in South Australia have received and valued from before the introduction of the national retail framework.

While we understand the Commission's view that a guideline is likely to be more responsive and adaptable to changes in the retail market and consumer preferences, allowing frequent changes to billing requirements via a guideline approach also risks

adding ongoing costs to retailers and ultimately consumers. If the risk of frequent changes is realised, consumers' literacy, in relation to electricity bills, will also be eroded.

We consider that key information requirements should be specified in the rules, with any necessary amendments being made through the current consultation process. If the AEMC identifies additional requirements that require a degree of flexibility, the current minimum requirements could be supplemented by a guideline. Retailers could then adopt them as they see fit, and if they see their inclusion as having a benefit greater than the cost to implement. The feedback summarised by the Commission in section 3.1.2 of the Draft Determination suggests both retailers and consumer groups would be open to this option.

We do not therefore support the complete removal of NERR 25 which guarantees consumers are provided 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 in the current rule, such as how the customer can pay, the customer's administrative details etc., would be deemed necessary in any form of customer billing.

We are comfortable with the Australian Energy Regulator (AER) consulting on the development of a guideline in accordance with the retail consultation procedure on the basis that it focuses on fine tuning elements of the current requirements or adding additional requirements where appropriate.

More generally, we also note the concerns of some stakeholders that now is not the best time to be introducing large changes to customer bills which would impact on system and process costs to retailers.

The Commission's proposed inclusion of a principle to ensure the AER takes cost of compliance into account when developing the guideline is noted. Despite this however, it is difficult to see how any change which removes NERR 25 provisions to be replaced by a guideline will not result in some cost to retailers and hence to customers.

There is also a higher risk of frequent changes to retailer billing requirements, leading to more frequent cost implications and a negative impact on customer literacy in relation to electricity bills.

Given these points, it is difficult to see how the Commission has determined that the draft position leads to a least cost outcome for consumers, as suggested in the Commission's rationale.

It is the view of the Division that customer confusion and 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.

We note that changes are occurring in this space, with some retailers choosing to provide consumers with further information via websites, mobile applications etc.

The Division would support individual consumers being able to choose to receive some components of the required billing information via alternative means, such as websites, QR codes or apps. This should only occur when offered by a retailer, and when consent is received from the customer. It should also provide the customer with the option to revert back to paper billing if they desire. This approach would allow retailers wishing to meet their obligations in other manners the flexibility to do so, without negatively impacting customers that rely on traditional billing.

We note stakeholder feedback to the Commission's initial consultation suggesting that the bill benchmarking information was a source of customer confusion. In South Australia, bill benchmarking replaced comparison requirements that existed under the *Electricity Act (SA) 1996*, *Gas Act (SA) 1997* as well as local Regulations and Codes issued by the Essential Services Commission of South Australia (ESCOSA).

Information which compares the household's average daily consumption for corresponding billing periods and allows customers to easily compare their consumption against similar households is an important trigger for consumers to consider how they use energy.

This information is also 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.

We therefore support the continuation of a requirement for bill comparison information and note that it is also provided in other utility bills in South Australia. The AEMC may wish to consider the current method used for bill benchmarking information and whether it is fit for purpose for providing meaningful customer comparison.

In relation to what a supplementary guideline may cover, the Division supports a requirement for the AER to provide guidance on standardising language and terminology across bills, customer retail contracts and energy offers. As noted in our previous submission, we see standard terms being used by retailers as an enhancement which will avoid confusion and enable better comparisons to be made by consumers.

Finally, we consider 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. It is unclear how the AER could achieve better outcomes for consumers in relation to bill frequency than the consumer can currently achieve themselves under the current rule.

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

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