

24 September 2021

Australian Energy Regulator  
Consumer Policy Team  
Attn. Mark Feather

By email: [ConsumerPolicy@aer.gov.au](mailto:ConsumerPolicy@aer.gov.au)

**SUBMISSION: AUSTRALIAN ENERGY REGULATOR BETTER BILLS GUIDELINE – KEY QUESTIONS FOR CONSIDERATION**

Dear Mark

Energy Consumers Australia appreciates the opportunity to comment on the Australian Energy Regulators (AER) Better Bills Guideline consultation questions. 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 vision is that consumer values, expectations and needs are realised through a modern, flexible, and resilient energy system.

Energy Consumers Australia sees considerable value in improved billing to deliver simpler, more understandable bills for energy consumers, and in the process, build consumer trust and confidence in the retailer offers. We understand this phase of the consultation is to hear stakeholder feedback on the consumer insights gathered by the AER, and any other research or developments in this space that may assist with the drafting of these Guidelines. We reiterate that consumer research, and testing is a key catalyst for improving energy bills<sup>1</sup> and we welcome the thorough approach by the AER.

We would also note that the energy market transition will continue to see new services and appliances emerge that will change the way consumers interact with their energy provider. At the same time, we expect to see new business models emerge. Some may offer a choice for consumers of bundling energy with other services (such as internet, mobile phones, car leasing or property services). Alternatively, intermediaries may provide a service distinct from energy retailing, such as home energy management, aggregation of hot water storage or battery storage to name a few examples. This means that consumers will be asked to interact with the energy system in new ways, and by providers that may not sit easily within the AER's regulatory remit. Digital channels and online billing also open new opportunities for consumers to curate how they want to receive billing and other information, in ways that are most useful for them. The BETA research provides useful insight into where people see opportunities to improve the information they get from their current retailer, but it was not within its terms of reference to be forward-looking. As such, we see this Guideline as one that would require regular review.

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<sup>1</sup> ACCC, Retail Electricity Pricing Inquiry Final Report, p.289



## RESPONSE TO CONSULTATION QUESTIONS

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### ***Question 1: What are the key insights from our consumer and behavioural research? What are the key opportunities for the AER to improve consumer outcomes, including through the Guideline, that arise from the research?***

The BETA Research Report indicated three critical insights that we believe should inform the content of the Better Bills Guideline:

- First, people valued bill content that made it easier to see where there might be opportunities to get a better deal, and that some consumers would be prompted to shop around.
- Second, small frictions posed a substantive deterrent to action. Clicking through to the additional report resulted in significantly reduced comprehension.
- Third, the research underlined the diversity of consumer preferences in seeking information, paying bills and seeking assistance.

As retailers are required to have ‘bill explainers’ on their website, it would be good to understand whether consumers were aware of these explainers, and if not, perhaps the Guidelines could address any barriers to accessibility, including phrasing and the way the explainers are marketed to consumers, as well as fleshing out the terminology which may be causing the most confusion and the kinds of definitions that would have the most positive impact.

We also note that small businesses appear not to be represented, and we recommend further work needs to be done to ensure small business views are heard.

### ***Question 2: What additional or new insights do you have regarding the current problems with energy bills?***

Our [2020 Power Shift research \(see the Final Report\)](#) underlined the value of allowing consumers to ask for the information that is of most relevant and utility to them, recognising household diversity. That could be supported through other communication options, where digital technology provides an opportunity to offer information at the time and through the medium that is most relevant to them<sup>2</sup> as every consumer is unique in how they engage with energy and their energy bill.

A key design principle should allow co-design for consumer diversity – [Inclusive Design in Essential Services](#)<sup>3</sup> outlines such an approach. We also suggest exploring whether there is capability for a regulatory sandbox to assess the risks and benefits for consumers to opt in/out of a detailed bill, a simpler bill pending on their preferences, or at least further testing this idea with consumers. Further, the AER may also like to explore whether it is feasible to have digital options for language changes/ accessibility online, or features turned off that may make it easier for an electronic reader to convey back to the consumer.

### ***Question 3(a): What are the key opportunities to ensure energy bills are simple and easy to understand? Bill design, terminology, bill elements***

Nearly a third of respondents to our [June 2020 Energy Consumer Sentiment Survey](#) did not positively rate the billing and account options from their supplier, and we see several opportunities to ensure bills are simple and easy to understand:

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<sup>2</sup> Energy Consumers Australia, Powershift Final Report, p46

<sup>3</sup> see <https://fairbydesign.com/inclusive-design/>



- The bill needs to be both digitally (mobile, app, all email formats) friendly as well as accessible for all consumers.<sup>4</sup>
- Terminology on the bill should be consistent across all retailers, and consistent with the Retail Pricing Information Guidelines. Consumers should be able to freely move between retailers with the expectation that they will not need to learn new terms, or definitions.
- The bill should be appropriately tested for download speed, and data usage, to ensure based on accessibility there is no resistance to accessing the bill.
- In our first Energy Consumer Behaviour Survey, nearly 1 in 3, said they did not know what tariff they were on.<sup>5</sup> There is clearly room for further research into why this is the case, and how energy literacy can be improved, whether this is on the bill or in some other format.

**Question 3(b): Which approach do you consider preferable and why? Are there other approaches we should consider?**

At this moment, we would expect a bill to have as essential information the amount due and when it must be paid, information that provides consumers with an understanding of how much energy they've used and how that was calculated, and when there might be potential for them to save money by moving to a better deal. As long as bills remain the primary source of information for consumers about their energy usage and costs, that information is essential. We would support the Guideline making design principles clear and would reaffirm those identified in the BETA Research Report.

***Question 4: Would including 'best offer' information increase consumers' understanding of their bills? Are some consumers likely to find this more beneficial than others? What are the practical issues that need to be considered? Are there risks or potential downsides in including 'best offer' information on bills?***

We would support including a 'best offer' message for all consumers if it is meaningful information to them. We note that there is already a regulatory requirement around NSW concession card holders and 'best offer' style messaging, and it would be interesting whether there are any insights from that cohort, and from the Essential Services Commission in relation to their 'best offer' message to help inform the discussion.

***Question 5: How can we simplify the billing regulatory framework, through the Guideline or more broadly?***

We support a principles-based approach to simplifying regulatory requirements as subordinate guidelines or industry codes can provide sufficient guidance to retailers, while enabling flexibility and innovation to enhance the product and services offered to consumers<sup>6</sup>.

***Question 6: Would this reduce the cost to serve? If so, how?***

Yes, mitigating the need for constant rule changes or stifling innovation based on aging obligations can increase costs to consumers, further eroding trust within the market rather than building it.

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<sup>4</sup> For example, this could include a requirement to meet The Web Content Accessibility Guidelines (WCAG) 2.0 Level AA or other appropriate Australian Standards. <https://www.w3.org/WAI/standards-guidelines/wcag/>

<sup>5</sup> Energy Consumers Australia, Consumer Behaviour Survey, October 2021 public release.

<sup>6</sup> Energy Consumers Australia, Submission on the National Energy Retail Amendment (Bill contents and billing requirements) rule change. <https://energyconsumersaustralia.com.au/wp-content/uploads/Submission-to-the-AEMC-Better-Bills-rule-change-proposal.pdf>



**Question 7: What are the practical and implementation considerations we should be aware of in considering ideas to simplify the regulatory framework, and in developing the draft Guideline?**

The development and implementation of the Guideline should lead to positive outcomes for small customers. Where there is an increase cost to serve, the consumer benefit should be evidenced, and all avenues to reduce this cost should be explored.

**Question 8: Would you like to provide other information for the AER to consider at this stage?**

Distributed Energy Resources (DER)

With the uptake of DER including rooftop solar PV moving at a rapid pace, it is not surprising that in the BETA Research Report 87% of participants with solar panels would like solar export information on their energy bill, and we support further exploring the feasibility of information such as the seasonal consumption charts tested in this report. We also see an opportunity to further explore the representation of other DERs on the bill, for example, batteries, EVs or smart home devices and appliances to further assist consumers understand their usage patterns and exports, enabling consumers to make informed choices. In the [Virtual Power Plant Demonstrations Consumer Insights Report](#) prepared for AEMO, it was stated that consumers were not provided relevant information on their bill, making it difficult to realise the benefits of the VPP trial, and for some this led to trial disengagement.<sup>7</sup> We feel it pertinent in the transition into two energy systems, that the Guideline should consider being amendable to the current and future uptake of DERs to meet consumer expectations, as well as avoid curtailing innovation in this space.

Addressing the barriers, and complexities that exist for consumers and industry with regards to a heavily regulated energy bill is long overdue. We welcome a more principles-based approach for innovation to thrive, and flexibility to deliver outcomes that meet consumer expectations however they choose to participate and engage with the energy market.

Should you have any questions about our comments in this submission, or require further detail, please contact Melissa McAuliffe, Senior Policy Associate at [melissa.m@energyconsumersaustralia.com.au](mailto:melissa.m@energyconsumersaustralia.com.au).

Yours sincerely

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<sup>7</sup> Paul van Veenendaal, Customer Service Benchmarking Australia (on behalf of AEMO) Virtual Power Plant Consumer Insights Report, pg3