

23 December 2025

Ms Stephanie Jolly
Executive General Manager
Consumers & Markets
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Submitted electronically: consumers@aer.gov.au

Dear Ms Jolly,

Re: Consultation Paper - Retail Guidelines Review

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to make this submission to the Australian Energy Regulator's (the AER's) consultation paper for its *Retail Guidelines Review*. This review is timely and we welcome the AER's intent to streamline its various guidelines, pursue consistency of objectives and definitions, and to ensure consumers receive consistent and clear information. The inclusion of the *Hardship Guideline* is also an opportunity to reassess whether consumers experiencing payment difficulty are receiving support in a form and a time they most need it. Furthermore, the AER will be able to account for the series of rule changes that have occurred over the last couple of years, mostly notably those proposed by Minister Bowen on behalf of the Energy and Climate Change Ministerial Council.

We support simple, clear, and consistent design principles for retail communications. We acknowledge the AER's objective to prescribe that consumers receive important information that helps them to participate in the competitive retail market. However, we also encourage it to consider the more direct and ongoing relationship that retailers have with their customers and the incentives for them to provide information in a clear and easily understandable form. We recognise this needs to occur within clearly defined (albeit potentially broader) guidelines.

This also means accounting for how mechanisms for providing information can evolve, in line with shifts in consumer preferences and technological change, for example. We are finding that an increasing proportion of our customers are accessing important information through online mechanisms, such as apps and online accounts. This suggests a need for some flexibility in how and when retailers provide information.

Therefore, we encourage the AER to consider a more outcomes-based, rather than prescriptive approach. There is merit in granting retailers more flexibility to manage the frequency, scale and form of communication that reflects their customers' needs and specific

circumstances. This is particularly relevant for discussions of payment difficulty and hardship but also as retail offers become more complex.

This growing complexity of retail offers is a function of emerging technologies and the extent of investment in Consumer Energy Resources (CER). Retailers are competing to offer more innovative retail products that allow their customers to maximise the value of their CER investments but this means some of the established ways of publishing details about their terms and conditions and messages (such as a best offer calculation) are limited in how they assist consumers to compare these offers.

For example, best offer calculations are based on previous consumption whereas more innovative offers benefit consumers who can adjust their consumption. Consumers may be better placed to assess whether and how material any future change to consumption patterns might be, drawing on smart meter data that many retailers are now providing to consumers as a core element of their retail service. Prescriptive obligations relating to information provision (that include arbitrary assumptions about the timing of consumption) may do little to assist and it may be that more direct engagement between a retailer and their customer over the life of a contract that focuses on their specific needs and preferences leads to better outcomes. This is a factor for the AER to consider when it sets the scope of the best offer component of the *Better Bills Guideline*.

Another example is products for consumers who are installing secondary settlement points in line with the forthcoming commencement of rule changes. Retailers will provide details of their terms and conditions through prescribed channels and mechanisms and satisfy their EIC obligations. However, more prescriptive information obligations that also include calculations of estimated benefits may mislead some consumers. The benefits of these offers depend on a range of factors, including the specific asset a consumer has installed, how they intend to use it and their individual circumstances. The AER can reassess whether there is specific need for more prescriptive obligations as this segment develops and where the nature of any perceived market failure or deficiency in information obligations becomes clearer.

As a further point, we encourage the AER to consider the administration of these Guidelines. We have observed numerous changes, particularly to the *Better Bills Guideline*, over the last couple of years. This generates significant implementation costs. A further issue is the consistency of messaging to consumers. We have found that consumers value this consistency and frequent changes to the appearance and location of specific items on bills can create confusion. The AER should consider these factors when it is evaluating the need for further changes.

Specific measures

The *Assisting Hardship Customers reforms* rule changes instruct the AER to take account of retailer's lowest offer available, a small consumer's energy usage and non-financial benefits

in best offer calculations. However, we see significant challenges for retailers as measuring the value of many such benefits is subjective. It is difficult to foresee how the AER could develop a methodology for valuation in all instances and the potential for confusion for both retailers and their consumers is high.

Regarding the issue of same-name plans, we are confident the AER's recent decision under Section 37 of the AER's *Better Bills Guidelines* already resolves much of the confusion that energy consumers have experienced. We updated our deemed offer messaging in line with this amendment to inform customers if a newer version of their plan offers savings. The change in messaging on the bills has significantly improved clarity for customers. Prior to the implementation of the change customers were confused with the plan names being the same and would call us to clarify. Since the change was introduced, customers demonstrate a better understanding, with the majority of conversations indicating customers understood that they can upgrade to a newer version of the plan.

Alternative options, such as requiring more granular plan names, would likely cause unintended complications due to daily changes to plans, potentially overwhelming consumers and significantly increasing retailer implementation costs.

Additionally, we do not advertise deemed better offers that are unavailable to a customer on their bills. Examples of unavailable offers include those related to CER, such as solar PV or EV plans, when the customer does not have the necessary CER installed at their property. On the other hand, the acquisition offers available on the Energy Made Easy (EME) website are distinct from those presented on customer bills and are critical for maintaining retail competition.

We support the proposal to include deemed better offer information on the Benefit Change Notice as a replacement for the current 'do nothing' amount. The latter is not provided in any other context so alignment would allow retailers to standardise a single calculation across all relevant communications. This provides consistent messaging and reduces compliance risks by removing a metric that provides limited consumer benefit.

We also support matching the deemed better offer threshold to \$50, consistent with Victorian standards effective from 1 October 26. Adopting this threshold across all states will ensure a more efficient implementation for retailers.

As most fees and charges are already available to consumers through the EME website, we question the direct benefit of repeating fees and charges (same fees and charges from the AEMC's *Improving Consumer Confidence in Retail Energy Plans*, e.g, special metering fees, re-energisation fees, or de-energisation fees) within the actual energy and electricity plans.

One of the AER's objectives in reviewing the *Hardship Guideline* is to promote more consistency of support across the retail market. While some consistency between retailers could be beneficial, a greater degree of prescription in how retailers offer support can

undermine retailers' flexibility to account for specific characteristics and circumstances, while prescribed wording in communications may sound jargony and detract from empathetic assistance.

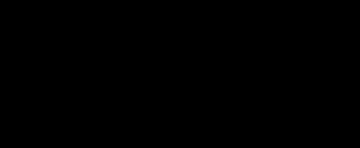
There may be a case for greater scrutiny of retailers' compliance with the existing Guideline to ensure their compliance with obligations, including standardised statements. However, we reiterate the point that retailers should retain some discretion in how and when they provide information within broader guidelines about the need to identify payment difficulty and then provide appropriate support.

About Red and Lumo

We are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail electricity and gas in New South Wales, Queensland, South Australia, Victoria and the Australian Capital Territory to over 1.5 million customers.

Red and Lumo thank the AER for the opportunity to comment on the draft report. Should you wish to discuss or have any further enquiries regarding this submission, please call Thakshila Gunaratna, Regulatory Manager, on [REDACTED]

Yours sincerely

A large black rectangular redaction box covering a signature.

Geoff Hargreaves
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Red Energy Pty Ltd
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