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Australian Energy Regulator
GPO Box 3131
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RE: AER Retail Guidelines Review Consultation Paper

Tesla welcomes the opportunity to respond to the Australian Energy Regulator's consultation on the retail guidelines review. We support the AER's intent to consolidate and modernise enforceable guidance so it remains effective in a changing retail market, improves customer outcomes in practice, and reduces unnecessary regulatory cost and duplication.

Tesla's mission is to accelerate the world's transition to sustainable abundance. In retail, that mission translates into a simple promise: households should be able to achieve outcomes they care about: convenience, simplicity, autonomy and control, bill certainty, and lowest cost without being forced into energy poverty, constant optimisation, repeated switching, or decision fatigue.

This review is timely because the retail experience is changing faster than the current guideline architecture. Energy is becoming more digital and more service based. More and more households now own assets embedded with distributed intelligence, batteries, EVs, inverters and software, that can act on their behalf in the background according to preferences and/or market signals. Retail regulation should anticipate and enable this shift, not by designing products, but by strengthening the foundations of trust: clarity, comparability, accessibility, and enforceable protections for customers who cannot engage fully.

The history of retail consumer protection has often assumed that if consumers receive enough information, they will compare and switch, and competition will reliably deliver better outcomes. But the evidence base in energy and in other essential services shows a persistent gap between disclosure and comprehension. Consumers regularly report feeling overwhelmed by energy information, uncertain how to compare plans, and unclear where to start. Confusion and complexity are not edge cases; they are structural barriers that affect engagement, switching and trust. This means that "more disclosure" is not the same as "more understanding". In fact, the marginal effect of adding more information can be negative when it increases cognitive load, fragments the customer journey, or shifts responsibility onto households to do technical interpretation in order to achieve basic fairness.

A modern guideline framework should therefore be designed around the outcomes households actually value. Some households prioritise simplicity and low effort. Others prioritise autonomy and control, particularly over assets they own. Many value bill certainty because volatility is itself a form of harm. And "lowest cost" matters must be described honestly in a way that reflects the reality that retail is not the only cost component of the bill.

Retail is an important part of the bill and the retail experience is a major trust touchpoint. But retail is not the only driver of household affordability. Network costs can constitute a substantial share of residential bills (often discussed as around 40% in Australia, varying by region and time). The implication is not that retail doesn't matter; it is that the consumer narrative must be honest about what comparing retail offers can achieve on its own, and what requires system-level reforms. If the guideline framework implicitly promises that plan comparison alone delivers affordability, consumers will feel misled when the bill remains high due to non-retail drivers. That trust gap is costly.

Internationally, regulators are moving toward consumer outcomes approaches that explicitly recognise vulnerability, accessibility, and the limits of information overload. New Zealand is particularly relevant to this review because the Electricity Authority has strengthened protections through mandatory Consumer Care Obligations. In parallel, New Zealand is actively progressing reforms to improve electricity billing so bills are clearer, more consistent, and more useful across modern channels. This is a useful model: rather than assuming increasing mandated disclosure is enough, it treats consumer communications and protections as infrastructure that must be continuously improved.

Australia can apply these lessons without importing overseas models by focusing on decision-usefulness, trust, and accessibility, while preserving room for innovation and service differentiation above baseline protections. In this context, Tesla encourages the AER to explicitly avoid three failure modes. The first is trying to solve complexity by restricting product innovation, which would level the market down to the lowest common denominator and suppress emerging services that can improve outcomes. The second is overloading bills as the main decision interface, which ignores how consumers actually engage in a digital world. The third is treating "more disclosure" as a proxy for consumer understanding.

A further issue that warrants explicit consideration in this review is the impact that ambiguity and interpretive grey areas in existing guidelines have on innovation and market entry.

While flexibility and principles-based regulation are often presented as enabling innovation, in practice the absence of clear interpretive guidance can have the opposite effect. For new entrants, and increasingly for incumbents launching new services, uncertainty about how novel products, services, and delivery models will be assessed against existing retail guidelines creates material legal, regulatory, and reputational risk.

Emerging retail and service offerings often sit across traditional category boundaries: combining supply, optimisation, automation, digital interfaces, and asset-linked services in ways not contemplated when current guidelines were drafted. Where guidance does not clearly articulate how such offerings should be treated, retailers are forced to make conservative assumptions or seek bespoke clarification, slowing innovation and raising barriers to entry.

This uncertainty does not only affect new entrants. It also discourages incumbents from innovating at the margin, as the risk of retrospective reinterpretation or inconsistent enforcement across jurisdictions becomes harder to manage. Over time, this dynamic favours status-quo offerings over genuinely consumer-beneficial innovation, even where new services could improve affordability, simplicity, or consumer control.

Tesla therefore strongly encourages the AER to view this review not only as a consumer-facing reform, but as an opportunity to reduce unnecessary regulatory ambiguity by clarifying how the guidelines apply to evolving retail and service models. Clearer guidance on intent, scope, and acceptable approaches would materially reduce risk, support competition, and accelerate innovation, without requiring the AER to design specific products or constrain market development.

Tesla would welcome the opportunity to present our views in person, as an innovative retailer, service provider and OEM, and to support the AER's goal of a consumer-first, future-ready guideline framework.

Sincerely,

Emily Gadaleta
Senior Energy Policy Advisor

Responses to consultation questions

1. How can we make sure the combined guidelines are easy for stakeholders to use, including retailer staff who will be responsible for implementing the requirements?

The combined guideline will be easy to use when it maps to the way retail businesses actually implement obligations. Retail compliance is not executed by reading instruments in isolation; it is executed through operational workflows, product design, onboarding flows, billing systems, customer communications, call centre scripts, hardship triage, and compliance controls embedded into systems. We therefore recommend that the combined guideline be structured around the customer journey and operational events rather than legacy instrument boundaries. That approach is more than aesthetic; it is what makes requirements implementable by the people who actually build and run customer experiences.

Within each customer-journey section, the guideline should consistently do three things: state the consumer outcome the AER is seeking; set out the enforceable requirements clearly with cross references; and provide practical implementation guidance and examples across channels. This structure will reduce compliance cost, reduce errors, and improve consistency across retailers, which is the pathway to better consumer outcomes at scale, rather than one-off improvements.

2. How could we adapt the design principles to different communications and where is more specific formatting guidance required?

Design principles are most useful when anchored to the purpose of each communication. A bill, a better offer message, a benefit change notice, and a hardship communication are not interchangeable. They arrive at different moments, consumers bring different levels of attention and stress, and misunderstanding carries different levels of harm. The combined guideline should therefore treat communications as purpose-built tools. Bills should help consumers understand what happened and why, without becoming encyclopaedias. Better offer messages should be trust instruments, where eligibility and verifiability are paramount. Benefit change notices should function as decision support, explicitly explaining impact and options. Hardship communications should be pathway tools that reduce stigma and friction and make help accessible.

More specific formatting guidance is warranted where misinterpretation creates high risk: communications that change what a customer pays, communications that indicate a customer could be better off, and communications about hardship and concessions. In these areas, prominence and clarity should be enforced, while delivery can remain channel-appropriate. Elsewhere, the AER should resist unnecessary prescription so the market can continue to evolve in digital delivery without creating compliance traps.

3. How could we make communications more accessible for customers?

Accessibility should be defined as a practical outcome: a customer can understand what is being communicated and can take the next step without undue friction. That is different from simply meeting a formatting standard. Energy consumers include people with low English literacy, disability, limited digital access, and cognitive overload, and the AER's own paper highlights the need to improve accessibility for customers with specific needs. The combined guideline should therefore embed a clear expectation that key communications must be accessible across the channels consumers actually use and in formats that support comprehension.

This is also where the evidence about information overload matters. If consumers are already overwhelmed, then adding more text does not improve accessibility; it often reduces it. The combined guideline should reward clarity, hierarchy and actionability, and it should encourage retailers to design communications that answer the consumer's "job to be done" in that moment. International experience supports this shift. Ofgem's vulnerability outcomes emphasise not just providing information but providing communications that are understandable and inclusive in practice.

4. How could benefit change notices be improved to make it easier for customers to understand and take action when their benefit is changing?

Benefit change notices are one of the clearest tests of whether the regime is designed for comprehension or simply for notification. A notice that includes every detail but fails to clarify impact and options will often be ignored, and that creates both consumer harm and trust erosion. The combined guideline should require benefit change notices to clearly explain what changed and why, but more importantly what it means for outcomes. The notice should be explicit about bill impact where feasible, and where it cannot be precise it should explain why and what variables matter. Where changes are non-financial, for example, a feature change, a reward change, or a service change, the notice should still explain impact in outcome terms rather than technical feature lists.

The notice should also reduce friction in what happens next. In a modern market, it is not enough to tell consumers to "compare". The combined guideline should encourage a verified pathway to comparison and a clear explanation of what happens if the consumer does nothing. That is how you reduce decision fatigue while preserving agency.

5. How will secondary settlement points change energy plans and energy plan information?

Secondary settlement points will enable more granular plan designs that can unlock innovation, particularly in electrification contexts like EV charging. The consumer benefit however, will depend entirely on whether these offers are explained in ways consumers can actually understand. The primary risk of SSPs is that they introduce technical architecture into the consumer conversation. A household should not need to understand settlement design, metering topology, or allocation logic to assess whether an offer is good for them.

The combined guideline should therefore require SSP-related information to be presented as consumer outcomes: what usage is affected, what cost changes are likely under plausible scenarios, what actions the customer must take (if any) to receive value, and how the customer can maintain autonomy and control (including the ability to change preferences or exit without punitive friction). This aligns with the direction of a preference-based future: consumers should be able to pursue bill certainty or lowest cost without being forced into technical interpretation.

6. How could our guidelines make complex energy plan information more relevant and easier to understand?

Complexity becomes harmful when it shifts effort and risk onto households. The solution is not to ban complexity. The solution is to require that complex offers be explained in a way that is decision-useful and aligned to the consumer outcomes people actually care about. New Zealand's reform trajectory provides a helpful analogue. By making Consumer Care Obligations mandatory, New Zealand is embedding service standards and protections that focus on practical outcomes, including clear protections for medically dependent customers and expectations that fees and charges must be reasonable. This represents a shift away from assuming consumers will self-protect through engagement and toward enforceable standards that work even when customers cannot engage fully.

Tesla encourages the AER to have an approach that supports simplicity without suppressing innovation. It also aligns with the reality that many consumers want to set preferences and have services act in the background, preserving autonomy and control without requiring constant attention or direction.

7. How could we improve transparency and reduce customer confusion in relation to energy plan names?

Tesla agrees that confusion must be reduced, particularly in contexts where "better offer" messaging and plan identity mismatch can undermine trust. But we caution the AER against treating plan name recognition as the goal. In telecommunications and other essential services, many customers cannot name their plan. That is not inherently a failure. Consumers generally don't want to memorise product names; they want confidence that they are receiving fair value and that switching is straightforward if they are not.

The real problem in energy is not that customers cannot recall names; it is that plan identity can be inconsistent across touchpoints. A customer might see one label on a bill, another in a portal, and encounter confusing results in a comparison tool. Better offer messages can compound this if they reference plans that appear similar but differ in eligibility or outcomes. The combined guideline should therefore focus on traceability and integrity: ensuring the customer can reliably identify what they are on across touchpoints and can verify comparisons in a trusted tool. Plan identifiers can help as an internal integrity mechanism, but the consumer-facing goal should remain comparability and trust, not plan name recall.

8. How could we ensure better offer messages are clear, relevant and trusted?

Better offer messaging is a high-stakes consumer protection mechanism precisely because it is a trust test. If the message is generic, references an inaccessible offer, or fails to explain conditions, consumers will treat it as marketing rather than protection, and the legitimacy of the regime will erode.

The combined guideline should require better offer messages to be anchored to outcomes, with plain explanations of why the offer is better, what savings are likely under reasonable assumptions, and what conditions matter. Eligibility must be explicit. Where savings depend on consumer behaviour, that should be stated clearly so the consumer is not misled into expecting outcomes that are unlikely to materialise. This approach is consistent with the AER's intent to ensure messages are clear and trusted. It also responds to the broader evidence that consumer confusion and complexity are persistent barriers to engagement and switching.

9. Where should customers receive better offer messages and how could we ensure the messages are clear and appropriate for different kinds of communications?

Tesla supports expanding better offer messaging but strongly supports doing so in a way that avoids overload and inconsistency. Consumers engage across channels, and the idea that the bill will always be the primary decision interface is misaligned with modern behaviour. The combined guideline should focus on delivering better offer messaging at moments when it is most likely to be useful, such as benefit expiry, price changes, or when customers enter payment difficulty pathways, while ensuring frequency is calibrated to avoid fatigue. The message should be channel-appropriate: short and actionable in SMS and notifications, richer in portals and emails, and supported by scripts in call centre interactions.

The test should be whether the consumer can act easily. If acting requires multiple steps, searching, or technical interpretation, the message will not achieve its purpose even if it meets formal requirements. Therefore, any new guidelines or prescriptions from the AER should take these design considerations into account.

10. What should we consider in defining the term 'deemed better offer', including how better offers are identified and how much a customer would need to save?

The deemed better offer concept is valuable because it provides a backstop for customers who cannot engage fully, particularly those in hardship. But it must be designed carefully to reflect that consumer outcomes are multi-dimensional. A deemed better offer should be defined in a way that is transparent, actually available to the customer, and demonstrably better under reasonable assumptions. It should also recognise bill certainty. An offer that is lower on average but materially more volatile may not be better for a customer whose priority is predictability and risk-bounding.

Savings thresholds should balance two risks: being so low that consumers are constantly churned or messaged, and being so high that material savings for vulnerable consumers are missed. The AER can reasonably apply more sensitivity for hardship cohorts, where smaller savings can be meaningful. Importantly, the deemed better offer should operate as a baseline protection while preserving room for premium service differentiation above that baseline. Otherwise, it risks unintentionally pushing the market toward lowest common denominator design.

11. How could we improve transparency of fees and charges in plan information and on Energy Made Easy without making plan information too complex for customers?

The only credible way to improve transparency without increasing complexity is to treat Energy Made Easy as core consumer infrastructure and modernise it urgently. If EME does not evolve, the market will keep trying to solve transparency by adding disclosure to bills and PDFs, which is exactly how you increase complexity and reduce comprehension. Transparency should be presented in outcome-first terms: what a customer can expect to pay, what factors drive that cost, and when fees apply. Detailed fee listings should remain available, but they should not be the primary artefact a consumer must interpret to understand value.

This aligns with the AEMC's pricing reform framing: retail pricing alone is not the whole story, and consumer benefit increasingly comes from systems and services that translate complexity into outcomes while preserving autonomy and control. It also aligns with the AER's stated intent to improve fee/charge transparency on EME without making plan information too complex. Tesla submits that this framing is necessary but no longer sufficient for a consumer-driven future energy system. As the AEMC itself recognises, consumers are no longer choosing only prices; they are choosing roles in the energy system. For households with batteries, EVs, and home energy management systems, this includes decisions about:

- Whether and how their assets are orchestrated,
- Exposure to wholesale and network signals,
- Participation in flexibility programs, and
- Trade-offs between bill certainty, autonomy, and reward.

We emphasise that flexibility, automation, and coordination should be viewed as a spectrum of services, allowing a full suite of products to emerge, from basic optimization to advanced integration, rather than assuming flex markets as the sole solution. Regulators should also absolutely not design products but define common language to allow innovation to flourish. Behavioral economics literature consistently demonstrates that consumers disengage when faced with complex, multi-attribute choices without clear categorisation or defaults. Effective choice architecture requires defined product categories and standardised disclosures, not exhaustive information. Tesla therefore recommends that EME evolve to support comparison across:

- Baseline retail supply offers,
- Battery and flexibility participation products,
- Export and optimisation services, and

- Orchestrated offerings that bundle wholesale, network, and system services.

This does not require regulators to design products. It requires regulators to define common language, minimum disclosure standards, and participation archetypes, enabling competition and innovation within those bounds. We encourage the AER to work in tandem with the AEMC Pricing Review and establish an industry reference group to work with and understand the future products and services that are in development.

In strengthening Energy Made Easy, Tesla also cautions against using EME as a mechanism to pre-emptively define, categorise, or constrain emerging products, services, or business models before the market has matured. While comparison tools play a critical role in consumer protection, there is a real risk that overly prescriptive product definitions or rigid categorisation frameworks could unintentionally lock in today's market structures and limit innovation tomorrow. New retail and service offerings, particularly those associated with consumer energy resources, are evolving rapidly and often combine multiple value streams in ways that do not sit neatly within traditional tariff or product constructs.

At this stage of market development, EME's role should be to help consumers navigate choice, not to dictate what that choice must look like. In practice, this means prioritising functionality that allows customers to identify their circumstances and preferences, for example, whether they own a battery or other distributed energy resources, whether they value bill certainty or lowest cost, and whether they prefer automated services, and then be directed to relevant offers that meet those criteria.

This approach enables meaningful comparison beyond a single annual price outcome, while avoiding premature standardisation of products that are still emerging. It also allows EME to evolve incrementally alongside the market, rather than becoming a bottleneck that providers must design around to avoid misclassification or exclusion.

As EME matures, deeper comparability of complex services can and should be developed, informed by evidence, consumer behaviour, and market experience. However, at this stage, the priority should be enabling discovery, transparency, and trust, not constraining innovation through early categorisation. This balance is particularly important for new entrants, for whom misalignment with comparison frameworks can represent a disproportionate commercial and regulatory risk.

12. What information would be useful for customers in embedded networks to understand their energy plan and how it compares with others in the market?

Embedded network customers often face a structural comparability problem. The combined guideline should ensure these customers receive information that clarifies their effective tariff and conditions, explains whether and how they can access market offers, and provides practical pathways to compare or seek help.

The key objective should be to eliminate dead ends. Customers should not be told to compare if the pathway is practically blocked. If constraints exist, the customer should be told what they are, why they exist, and what options remain available.

13. What specific changes could we make to the standardised statements in hardship policies to make them more consumer friendly?

Hardship statements should feel safe, normal, and actionable. The tone should avoid stigma and blame, and the content should focus on what the customer can do next, across multiple channels including non-digital options. Internationally, vulnerability frameworks emphasise communications that are understandable and inclusive in practice, particularly for customers with language barriers or limited digital capability. New Zealand's Consumer Care Obligations reinforce the shift toward enforceable consumer care standards rather than reliance on engagement alone.

The combined guideline should also make the link between hardship and better-offer protections clear and practical. A hardship customer should not be trapped on a materially worse offer because of inertia or process complexity. The pathway to improved outcomes should be part of the hardship communication experience, not a separate compliance obligation.

14. What concession and rebate information should be included on energy bills?

In considering concession and rebate information on bills, Tesla encourages the AER to situate this question within the broader system architecture for concession delivery, rather than treating bill-based information as the primary lever for improving outcomes. Concession and rebate schemes are fundamentally designed, funded, and administered by jurisdictional governments, and retailers act as delivery agents within those frameworks. Over time, however, the interaction between retailers and multiple jurisdictional concession schemes has become increasingly complex, fragmented, and administratively burdensome. Each jurisdiction applies different eligibility criteria, timing, validation processes, and data requirements, creating material compliance costs and operational friction without necessarily improving consumer outcomes.

The consequence is that well-intended public investment in concession and rebate programs does not always translate into effective or timely support for households. Many eligible customers still miss out on assistance, not because they failed to engage with their retailer or read their bill carefully, but because eligibility determination and administration are fragmented across systems that were not designed to operate seamlessly together.

While clear bill signposting remains important, particularly to reassure customers that support has been applied or to indicate where help is available, bill content alone cannot resolve these structural challenges. The most significant improvements in concession outcomes are likely to come from closer collaboration between governments and retailers on how concessions are aligned, timed, and administered across jurisdictions.

Tesla therefore encourages the AER to allow the retailer–government relationship to play a central role in shaping how concessions are delivered in practice, and to use this review as an opportunity to support greater alignment and coordination across schemes. This could include facilitating dialogue on harmonisation of concession objectives, improved data sharing for eligibility verification, and more consistent administrative approaches, with the aim of reducing regulatory burden while improving reliability of delivery.

From a consumer perspective, the success of concession frameworks should be measured not by the volume of information provided, but by whether eligible households receive support automatically and reliably, particularly during periods of financial stress. Aligning retail guideline updates with broader systemic reform, including the Game Changer program, will be critical to achieving that outcome.

Annex A - Specific updates to each guideline in scope

Across all aspects of this review, Tesla encourages the AER to recognise that regulatory ambiguity carries real cost. Where guidance does not clearly articulate intent or application to emerging models, risk is transferred to retailers and service providers, discouraging innovation and ultimately limiting consumer choice. Clearer, outcome-focused guidance will reduce that risk while preserving the flexibility needed for the market to evolve. This annex sets out targeted updates to the four enforceable guidelines referenced in the AER's review.

A1. Retail Pricing Information Guidelines (Version 5.0, April 2018)

The Retail Pricing Information Guidelines should be modernised with a clear objective: improve transparency in a way that increases consumer understanding rather than adding complexity. In practice, this requires shifting from component-first disclosure to outcome-first explanation, while preserving access to detailed fee information for those who want it. This is also the place to explicitly treat Energy Made Easy as essential consumer infrastructure. The AER's ambition to improve fee and charge transparency without increasing complexity will not be achieved through longer retailer disclosures; it will be achieved through an upgraded comparison experience that presents costs and drivers clearly, supports verification, and reduces friction.

The guideline should also anticipate emerging plan structures, including SSP-enabled offers and service-based models, and require that they be explained in consumer outcomes terms rather than technical settlement terms. This preserves innovation while protecting comprehension.

A2. Better Bills Guideline (Version 2, January 2023)

The Better Bills Guideline should evolve to reflect that bills remain important trust artefacts but are not always the primary decision interface in a digital world. The bill should prioritise a clear explanation of total cost, drivers of change, and next steps, while signposting effectively to other channels for more detailed action, such as better offer verification, hardship support, and concessions. This aligns with evidence that consumers can be overwhelmed by information and that adding more text does not necessarily improve comprehension. As new energy services emerge, bills will also need to explain credits, rewards, or service value in simple outcome terms, so consumers understand what they received and why, without requiring technical interpretation.

A3. Benefit Change Notice Guidelines (June 2018)

Benefit change notices should be explicitly reframed as decision-support communications. The guideline should require that notices lead with impact and options and should distinguish between financial changes and service-feature changes so consumers can understand what changed in terms that matter to them. Where estimates are needed, the guideline should support reasonable assumptions and require transparency about uncertainty drivers, rather than avoiding impact explanation entirely.

A4. Customer Hardship Policy Guideline (March 2019)

The hardship guideline should be refreshed to strengthen dignity, accessibility, and practical pathways. Standardised statements should be rewritten to reduce stigma, emphasise that help is available, and provide clear multi-channel routes to support including non-digital options. The guideline should also connect hardship support to better offer protections so that hardship customers can achieve improved outcomes without being required to navigate separate processes.