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Australian Energy Regulator

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RE: Draft Retail Guidelines

About Shell Energy in Australia

Shell Energy provides the energy businesses and households need for today and tomorrow.

A generation-backed trader and energy retailer, Shell Energy powers businesses and homes and acts as a catalyst for change to positively impact Australia's energy future.

We provide electricity, gas, and innovative solutions for our customers, complemented by our portfolio of gas-fired peaking power stations and battery storage assets, which support energy security and reliability.

Shell Energy is Australia's largest electricity retailer to commercial and industrial businesses, recognised for our market-leading customer service.¹ We offer business electricity, gas, and smart energy solutions. Our residential business, Powershop, provides greater choice and confidence to households and small businesses to help them take control of their energy through multiple energy plan options and digital tools.

General Comments

Shell Energy welcomes the opportunity to provide feedback to the Australian Energy Regulator's (AER's) consultation on its Draft Retail Guidelines (the Guidelines). Shell Energy attended the public forum on the draft guidelines hosted by the AER, which included a presentation by the Department of Prime Minister and Cabinet's Behavioural Economics Team of Australia's (BETA) on their survey outcomes.

We encourage the AER to undertake evidence-based, targeted regulatory reform that delivers demonstrable net benefits to consumers. Regulatory changes should only be pursued with a strong emphasis on practical implementation, carefully designed from the outset to prevent unnecessary disruption and ensure effectiveness. Changes to individual guidelines that form the draft Guidelines should not be made without clear justification and should be guided by core principles and robust evidence.

Additionally, Shell Energy is concerned that the current pace, volume, and fragmentation of reforms across different jurisdictions are generating significant system and process costs. This has resulted in repeated system overhauls within shortened and inconsistent timeframes, increased compliance risk and potentially diverting resources from innovation and improvements in customer outcomes. Accordingly, reform efforts should focus on

¹ Utility Market Intelligence (UMI) survey of large commercial and industrial electricity customers of major electricity retailers, including ERM Power (now known as Shell Energy) by independent research company NTF Group in 2011-2021.

harmonisation and alignment where appropriate, eliminate redundant or outdated requirements, avoid excessively prescriptive obligations, and provide adequate lead times to mitigate compliance risks.

We acknowledge and support the AER's commitment, outlined in its 2025 letter to the Federal Treasurer, to clarify, simplify and streamline obligations through the Retail Guidelines Review.² However, the draft Guidelines do not appear to achieve this objective. While consolidating four existing guidelines into a single instrument looks to provide an administrative benefit, the substantive obligations remain largely unchanged and, in some areas, have expanded through the introduction of overarching design principles. Shell Energy is concerned that these principles introduce an additional layer of requirements and interpretation without corresponding removal, simplification or clarification of existing obligations. This risks increasing implementation costs, compliance effort and regulatory ambiguity, which is inconsistent with the AER's stated objective of reducing regulatory burden and improving productivity.

We support the AER's objective of improving customer understanding, accessibility and engagement through updates to the Retail Guidelines. However, we consider that several aspects of the proposed approach require refinement to ensure that the reforms deliver meaningful customer benefits without introducing unnecessary regulatory risk, implementation complexity, or unintended consequences. Accordingly, our feedback is provided below.

Introduction of principles-based regulation

Whilst we acknowledge the intent behind introducing overarching design principles and to act fairly and honestly under clause 6, we have concerns about how these principles operate when overlayed on an already highly (and increasingly) prescriptive regulatory framework. In practice, the introduction of design principles creates a broad and inherently subjective standard where different retailers may reasonably adopt different interpretations of the design principles. Additionally, unlike specific and measurable obligations, this type of principle-based requirement creates uncertainty as to how compliance will be assessed and enforced.

This uncertainty is compounded by the interaction between principle-based expectations and existing prescriptive rules. Where detailed requirements already dictate the format, content and presentation of customer communications, the addition of high-level principles risks creating overlap and potential conflict. Retailers may face challenges reconciling strict compliance with prescriptive elements while also demonstrating alignment with broad principles, particularly where the latter may be interpreted differently over time. This dynamic increases the risk of inconsistent regulatory outcomes and may discourage innovation or improvements in communication design, as retailers seek to minimise exposure to compliance ambiguity.

To address these issues, we consider it important that the AER clearly articulates the intended role of the design principles within the broader regulatory framework. In particular, it should be clarified whether the principles create standalone compliance obligations or are intended to operate as interpretive guidance overlayed on existing rules, and if this is the case, retailers will have different views of expectations. We also recommend that the AER provide practical guidance, including worked examples or safe harbour positions, to demonstrate how retailers can evidence compliance with concepts such as fairness and honesty in the billing context, set amongst all existing rules. Without this clarity, there is a risk that the proposed principles will create a second layer of compliance obligations, increasing the compliance burden and implementation complexity without delivering commensurate improvement in customer outcomes.

² AER - Letter to the Treasurer and Minister for Finance August 2025-redacted.pdf.

Survey findings as key evidence for change

We have concerns regarding the reliance on BETA survey findings as a key evidentiary basis for the proposed Better Bills changes in Part 7 of the Guidelines. While behavioural insights can provide useful directional input, the robustness and representativeness of the underlying evidence is critical where it is used to support prescriptive regulatory reform. In this case, the BETA research appears to be based on a relatively small and controlled sample, which may not accurately reflect the diversity of the broader retail customer base or real-world customer behaviour.

Survey findings may not fully capture how customers interact with bills in practice, particularly given differences in digital and paper formats, varying levels of customer engagement, and the role of familiarity with existing bill layouts. There is also limited evidence provided to demonstrate that customers are currently experiencing widespread or systemic difficulty in understanding their bills, or that they are actively seeking the types of changes proposed. Without a clearly defined problem statement supported by broader evidence, there is a risk that the reforms may not be appropriately targeted or proportionate to the issues they are intended to address.

We consider that further evidence should be provided to substantiate both the existence and scale of the problem, and the expected benefits of the proposed changes. This could include analysis of complaints data, large-scale customer testing, or insights from retailers' customer engagement and behavioural data. In the absence of such evidence, the AER should carefully consider whether the proposed level of prescription is necessary to achieve the stated policy objectives.

Implementation timeframe and cost implications

Billing systems are complex, highly integrated platforms that underpin customer communications, pricing, compliance obligations and market transactions. Changes to billing requirements require careful design, build, testing and deployment activities to ensure accuracy, that customer protection is maintained and unintended consequences are avoided.

Shell Energy strongly recommends that the AER adopt a staged implementation approach with an appropriate transition period. Given that the final determination is not expected to be published until 30 September 2026, a minimum implementation timeframe of 12 months is required to enable retailers to design, build, test and safely deploy the necessary changes. The proposed reforms will require substantial modifications to billing systems, data structures, templates and customer communication processes, as well as extensive testing, assurance and compliance activities to ensure accuracy and regulatory compliance.

At a time when households and small businesses continue to face sustained cost-of-living pressures, higher energy costs and broader economic uncertainty, maintaining affordable retail energy services should remain a key consideration. Retailers are also operating in an environment of significant regulatory change, with substantial investment already required to implement successive consumer protection, bill and market reforms. Any additional regulatory obligations should therefore be targeted, evidence-based and proportionate, ensuring that benefits delivered to customers clearly outweigh the costs of implementation.

Retailers have incurred significant implementation costs in response to the above-mentioned successive billing and consumer protection reforms, many of which ultimately flow through to customers. Shell Energy's B2C retailer, Powershop, implemented the first Better Bills reforms across two phases at an approximate cost of [REDACTED], reflecting the complexity and scale of the required changes. This experience demonstrates that even targeted billing reforms can involve considerable implementation effort, system changes, testing and operational impacts. In this context, further amendments should be subject to robust cost-benefit analysis and be prioritised based on their ability to deliver clear and measurable customer outcomes. Any changes should also be accompanied by appropriate implementation timeframes to minimise unnecessary costs, operational risks and unintended impacts on customers, while supporting efficient delivery across the sector.

Attempting to implement all proposed changes simultaneously would create significant delivery, operational and customer risks, particularly where reforms require substantial system, billing and communication changes. A staged implementation approach would reduce implementation complexity, and support higher-quality delivery outcomes for both customers and retailers. We therefore propose a phased implementation model commencing from 30 September 2027, with lower-complexity changes implemented first and more complex reforms introduced in a subsequent phase.

There is clear regulatory precedent for providing extended implementation timeframes where reforms involve significant system and process changes. Under the first iteration of Better Bills reforms, retailers were initially provided with a 12-month implementation period from the date of the final determination.³ This was subsequently extended following a Rule Change Request initiated by the Australian Energy Council (AEC), which delayed commencement of key billing requirements by a further six months, extending the implementation timeframe to 18 months.⁴ The AEC noted that implementation costs had been benchmarked at approximately \$2.7 million per retailer and considered that additional time would allow retailers to optimise implementation schedules, reduce costs and minimise the risk of those costs being passed through to consumers. Similar considerations apply to the current proposals and as such, to align with the first reform timeframe, we request 18 months for full implementation.

The significant volume of concurrent regulatory reform across both the National Energy Customer Framework and Victorian jurisdictions underway makes the case for an extended implementation timeframe even stronger. Retailers are managing a substantial pipeline of overlapping regulatory, customer and system changes, many of which compete for the same technology, billing, testing and compliance resources.

A staged implementation approach would also support consistent and effective delivery across the industry, reduce the likelihood of billing errors and customer disruption, and provide retailers with sufficient time to design, test and implement complex customer communication and system changes. While we support the objective of improving customer understanding and engagement, the current proposals would benefit from greater clarity, stronger evidentiary support and a more practical implementation pathway. Sufficient lead time, consistent with the approach adopted for the first Better Bills reforms, will be critical to ensuring the reforms achieve their intended outcomes without creating unnecessary cost, complexity or implementation risk.

The table below outlines an example implementation framework that would enable retailers to prioritise lower-complexity changes while providing sufficient time to efficiently implement customer communication, billing and system-related reforms.

Phase	Proposed timeframe	Change type	Examples
1 – clarifications	12 months	Changes that clarify existing obligations or consolidate existing requirements without requiring material system changes.	Definitions, guidance clarifications, consolidation of existing guideline requirements, governance and procedural updates.

³ Final decision | Australian Energy Regulator (AER).

⁴ Delaying implementation of the AER Billing guideline | AEMC.

2 – customer communications changes	18 months	Changes requiring redesign of customer-facing communications, legal review, customer testing and updates to multiple communication channels.	Better Bills requirements, application of design principles, updates to hardship communications, bill and notice redesigns, revised customer disclosures
3 – system and process changes	18 months	Changes requiring IT development, billing system changes, workflow redesign, CRM updates, vendor engagement and extensive testing.	New communication triggers, automated customer journeys, payment difficulty workflow changes, system-driven compliance requirements and digital channel enhancements.

Part 4 – Best Offer Message: Comparative Information

The proposed requirement at subclause 19(f) to include a full month and year (MMYYYY) convention for plan naming would constitute a material system change for retailers, requiring updates across billing systems, customer portals, communications templates and downstream processes. While we recognise that customers may be confused where plans share a name but differ in price or version, and agree that customers should not be misled into assuming equivalence, the proposed convention does not fully resolve the issue and may introduce new challenges.

In practice, full month and year labels can be too long for customer-facing fields with limited character counts, including bills, short messages and portal displays, and do not distinguish between multiple price or benefit changes occurring within the same month. We also note that divergence between national and Victorian naming conventions would increase implementation complexity and cost for national retailers, while reducing consistency for customers. It would be preferable for the AER to work with industry to develop a shorter versioning approach, such as a unique product identifier used alongside a plain-English plan name. Any approach should be harmonised with Victoria wherever practicable and tested against real-world use cases across customer communications and systems, noting that formats that function in principle may not be workable in constrained environments such as bills, Energy Made Easy listings, better offer messages or call centre interfaces.

Availability of offers – reasonable time period

Shell Energy does not support the proposed requirement in the definition of a "deemed better offer" that a generally available plan "*will remain applicable to the customer for a reasonable time following the communication date*".⁵ While well-intentioned, this requirement does not reflect the realities of a competitive retail energy market, where offers are regularly introduced, amended and withdrawn in response to changing wholesale market conditions, risk positions, commercial strategies and customer demand.

⁵ AER Draft Retail Guidelines, Part 2, definitions.

This issue has been considered previously by the Essential Services Commission Victoria and was ultimately not adopted due to the practical complexity of implementation and the difficulty for retailers in providing certainty regarding the future availability of market offers. Retailers frequently make pricing and product decisions at short notice and may not be in a position to determine whether an offer will remain open for a particular period of time following the issuance of a customer's bill.

The proposed requirement could create unintended consequences by incentivising retailers to maintain offers for longer than would otherwise be commercially appropriate solely to ensure compliance with the Best Offer obligations. This would reduce flexibility to respond to market conditions and may discourage the development of innovative or short-term products that can provide value to customers. In practice, customers are already directed to contact their retailer or visit available channels to discuss and access current offers, recognising that product availability naturally changes over time in a competitive market.

Accordingly, Shell Energy considers that a customer's best available offer should continue to be assessed based on the offers available at the time the Best Offer calculation is undertaken, without imposing additional requirements regarding the future availability of those offers.

Part 7 - Proposed billing frequency requirement

Shell Energy does not support the proposed introduction of clause 54, which would require retailers to issue a bill to a small customer at least every 100 days unless a longer billing cycle has been agreed in accordance with rule 24(2) of the NERR. This requirement does not currently exist within the Better Bills Guideline and extends existing Standard Retail Contract (SRC) billing frequency obligations to customers on Market Retail Contracts (MRC). Shell Energy is concerned that the proposed obligation may create regulatory uncertainty by effectively imposing a new substantive billing requirement through the Guideline rather than through amendment of the National Energy Retail Rules. Such an outcome would represent a significant policy change that extends beyond the stated purpose of the Better Bills reforms, which are primarily intended to improve the presentation and communication of billing information rather than introduce new retail contract obligations.

Under the current regulatory framework, retailers and customers have flexibility to agree alternative billing arrangements under market contracts, reflecting the diverse needs and preferences of customers and the competitive nature of the market. Rather than clarifying existing requirements, clause 54 introduces a new substantive obligation that expands the application of existing billing frequency requirements beyond their current scope. Such a substantive change to the application of regulations to market customers should only be considered through a formal rule change process, not circumvented through the Guideline. This would ensure appropriate consultation, policy scrutiny, a clearly articulated problem statement, cost-benefit assessment and stakeholder consideration of the broader impacts on customers, retailers and market operation.

The proposed approach also departs from long-standing application principles underpinning the National Energy Customer Framework and the drafting of the National Energy Retail Rules (NERR):

- SRCs contain a prescribed minimum set of consumer protections;
- MRCs allow retailers and customers to negotiate alternative commercial terms; and
- where the regulatory framework intends a requirement to apply to MRCs, it does so expressly.

As written, the proposed clause effectively extends Rule 24 billing frequency requirements to market retail contracts despite the NERR expressly excluding market retail contracts from the operation of Rule 24. It is also noted that 24(2) accommodates an alternative arrangement for a *standard retail contract* customer with explicit informed consent. This is not for the purpose of applying to a market retail contract customer. Additionally, the proposed change also introduces a significant departure from Victorian obligations.

Shell Energy recommends that clause 54 be removed from the Guideline. If the AER's intention is to clarify existing obligations, the Guideline should expressly state that it does not alter, expand or otherwise affect the billing frequency requirements contained in the National Energy Retail Law and National Energy Retail Rules, including the distinction between Standard Retail Contracts and Market Retail Contracts.

More broadly, Shell Energy recommends that the AER include an express interpretation provision confirming that, to the extent of any inconsistency between the AER Retail Guidelines and the National Energy Retail Law or National Energy Retail Rules, the Law and Rules prevail. This would provide greater regulatory certainty and reduce the risk of guideline provisions being interpreted as creating obligations beyond those contemplated by the legislative framework, thereby avoiding unnecessary compliance costs and implementation effort while ensuring retailers remain focused on delivering tangible customer outcomes.

Multi-site/Consolidated Billing Arrangements

Shell Energy recommends that the AER expressly recognise multi-site and consolidated billing arrangements within the Retail Guidelines and provide sufficient flexibility for retailers to meet the intent of the Better Bills requirements in a way that reflects customer-agreed billing arrangements. This is consistent with our earlier comments that reforms should be evidence-based, targeted and proportionate, and should avoid prescribing communication requirements that do not reflect the needs of distinct customer cohorts. In particular, we note that the BETA research does not appear to have specifically considered customers receiving consolidated bills, and therefore should not be relied on to support generalised changes for this cohort without further evidence and customer testing.

Consolidated billing is an important service for many business customers who have specifically requested simplified and streamlined billing arrangements to reduce administrative burden and improve account management. A customer may not have, or seek, aggregated usage arrangements of the kind contemplated under Part 5 of the NERR, but may still request a consolidated bill as a service enhancement to support more efficient billing, reconciliation and account management across multiple connection points.

These arrangements can deliver practical productivity benefits by reducing the number of separate billing communications customers need to receive, review, reconcile and process. Conversely, applying a prescriptive, one-size-fits-all bill presentation framework to consolidated bills may result in longer, more complex and less useful communications for customers who have expressly sought billing consolidation. It may also increase system, operational and compliance costs for retailers, or discourage retailers from continuing to offer a service that customers value. Such outcomes would be inconsistent with the objective of improving customer understanding, accessibility and engagement.

Shell Energy considers that this is an appropriate area for a flexible, outcomes-based approach. Retailers should be permitted to meet the underlying customer protection and information requirements through alternative presentation methods for consolidated bills, provided the relevant information remains clear, accessible and capable of being understood by the customer. This would allow retailers to tailor communications to the customer-agreed billing arrangement while maintaining the substantive protections intended by the Better Bills framework.

This approach would preserve the intent of the Better Bills framework while better accommodating customer preferences, supporting productivity gains and avoiding unnecessary implementation costs. It would also be consistent with the AER's stated objective of clarifying, simplifying and streamlining obligations, rather than imposing additional prescription in circumstances where customers have chosen an alternative billing model.

Accordingly, the AER should expressly confirm that retailers may adapt the presentation of Better Bills information for small customers receiving consolidated bills covering multiple sites, where this better reflects the customer-agreed billing arrangement and the relevant information remains clear and accessible.

Conclusion

We welcome the opportunity to discuss our submission further and thank the AER for its continued engagement. Please contact Tessa Liddelow at [REDACTED] for any queries regarding this submission.

Yours sincerely

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