



Mr Mark Feather
General Manager, Strategic Policy and Energy Systems Innovation Branch
Australian Energy Regulator
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Draft Better Bills Guideline submission

Dear Mr Feather

The Energy and Technical Regulation Division (the Division) of the South Australian Department for Energy and Mining welcomes the opportunity to comment on the Draft Better Bills Guideline (the Guideline).

The Division notes that the draft Guideline is being developed by the Australian Energy Regulator (the regulator) consistent with its obligations under the National Energy Retail Amendment (Bill Contents and Billing Requirements) Rule 2021. Specifically, those obligations include that the Guideline must enable retailers' bills to meet the bill objective, that it comply with the regulator's consultation procedure and that, in making and amending the Guideline, it consider specific factors. These include the need for customer protections that allow for innovation, competition and consumer choice, the potential costs to retailers and end consumers as well as whether those costs are proportionate to the expected benefits.

It is the Division's view that, noting the issues raised further in this submission, the proposed draft Guideline appears broadly consistent with the aim of reducing the confusion associated with consumers understanding their energy bills.

Noting the draft Guideline has been developed based on research from the Behavioural Economics Team of the Australian Government (BETA), with further evidence sought from industry and consumer representatives through the regulator's specific consultation questions, the Division's comments below are intentionally more general in nature. Notwithstanding, the Division looks forward to specific evidence being provided to allow for a comprehensive assessment of the draft Guideline.

The Division believes that the design of the bill, and the information it contains, should seek to satisfy the needs of different consumers that read it by providing essential information, such as the customer's account number, amount payable, due date and link to the Energy Made Easy website. More discretionary information, such as detail on the bill's calculation and a historical comparison of energy usage, which, whilst to

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some extent secondary is, nonetheless, an important part of the consumer engagement process.

The differentiation between such information provides consumers with the flexibility to read only the most basic of information whilst retaining the option to seek further information elsewhere on their bill. This approach reflects the non-homogeneous nature of consumers, as confirmed in the BETA research.

To this end, the Division supports the prioritisation of information through the proposed tier system, with tier one information to be presented first, followed by second tier and the option for retailers to provide additional information.

The Division broadly supports the information proposed for each tier, in particular, the inclusion of a standardised plan summary designed to provide a readable and easily comparable summary of the customer's current plan.

The Division does, however, question whether information regarding a reference to the availability of hardship programs, payment plans, concessions and rebates is appropriately categorised as 'additional information'. Rather, promoting it to tier two seems more appropriate given the important role this information plays for many consumers, particularly those experiencing financial hardship.

In addition, current NERR requirements for the inclusion of the estimated date of the customers next scheduled meter read may be beneficial to maintain for consumers' budgeting purposes.

With the continued adoption of time of use tariffs, the Division also queries whether shoulder or solar sponge tariff rates and usage could be included in tier two, in addition to peak and off-peak rates and usage. While the offering of such tariffs is ultimately at the discretion of retailers, requiring retailers to include all components of these tariff offerings in the bill, if they are relevant, would be useful to the consumer.

Noting the regulator is seeking stakeholders' views on the costs and benefits associated with the proposed tier system, the Division is also interested in such evidence. While the Commission has already ruled on this matter, the Division's general concern, as expressed in its submission to the Commission's rule change process, was that a flexible and adaptable guideline may increase retailer compliance costs, when compared to a rule, which could erode any consumer benefits if these are ultimately passed onto customers. The Division is therefore interested in evidence provided by stakeholders on the proposed implementation of the tiered approach, given the need to strike a balance between costs and benefits, consistent with the NERR's overarching principles for developing the Guideline.

In terms of the presentation of the billing information, the Division supports the design principles in the draft Guideline and note that this approach provides retailers with some flexibility when designing bills. This again supports the BETA research that there is not a one size fits all approach suitable for all billing functions.

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The Division does, however, query the decision not to be more prescriptive in the standardisation of language and terms. Noting the regulator's concerns regarding the accommodating of jurisdictional differences, the Division questions whether such variations are insurmountable. Using consistent terms and language would, of itself, be a relatively simple way to contribute to the ability of consumers to understand and compare their bills.

With respect to the inclusion of better offer information on the bill, the Division concurs with the general view that this could provide a relatively easy way to encourage consumers to shop around. It is noted this is consistent with an obligation placed on Victorian retailers by the Essential Services Commission. As such, it is not expected that extending such an obligation would see retailers incurring significant additional costs, at least for those retailers operating across jurisdictions.

That said, the usefulness of such an inclusion relies on the accuracy of the assessment, the methodology that underpins the calculation, and the extent to which consumers would be willing to rely on that calculation. It is further noted that BETA argues that comparing offers does not appear to be one of the key functions of a bill, based on its research. Again, the Division would be interested to see the responses the regulator receives from stakeholders in response to its specific questions on the costs and benefits of such an obligation.

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 [REDACTED]

Yours sincerely

A handwritten signature in black ink, appearing to read 'Vince Duffy', with a stylized, cursive script.

Vince Duffy

Executive Director
Energy and Technical Regulation
Department for Energy and Mining

31 January 2022