



TELSTRA CORPORATION LIMITED

Submission to Australian Energy Regulator's consultation on draft billing guideline

31 January 2022



01 Introduction

We welcome the opportunity to comment on the Australian Energy Regulator's (AER) draft Billing Guideline (Guideline).

Clear and simple bills can help customers better engage in the market, by providing the right balance of information and guidance to additional information. We generally support the proposed approach taken by the AER in the Guideline to tier information as a way of prioritising key data points for all customers consistently recognised in research as being key billing data (e.g., how much to pay, when to pay)¹, and other information that may be relevant to different customers at different times. We consider there are opportunities to simplify and clarify the Guideline to create better outcomes for customers.

The Australian Energy Market Commission's (AEMC) final decision for the billing rule change encouraged retailer innovation and recommended considering flexibility in content requirements depending on how customers receive their bills.² As more customers take up digital solutions, and retailers are providing new information through online accounts and apps, customers can customise and pick the type of information they want to receive in real-time. This includes information about their current plan, usage, and payment information.

Below we outline some of the areas we consider could be reviewed by the AER to ensure the right balance of information and utility for our customers.

02 Digitisation, simplification and flexibility

We note that the AEMC's rule change process had a heavy focus on the simplification of billing information for customers. While the AER's tiering approach will create standardisation, it also adds additional information on the bill (such as plan summary, best offer, ombudsman details) to a long list of required information currently present under the National Energy Retail Rules (NERR).

The AEMC's final decision noted that the AER's guideline development principles must be driven by effective and proportional billing requirements and recommended the AER consider whether information of different types could be provided to a customer by different means.³

As more customers shift to digital means of engaging with businesses (consistent with the Federal Government's Digital Economy Strategy⁴), easy access to all types of account, usage, and *help* information is available to a high proportion of customers in real-time. The roll-out of the Consumer Data Right (CDR) will also help facilitate customer digitisation, comparison and switching.

In light of these broader digital strategies, we would encourage the AER to embrace the concepts of flexibility and customer preference in the billing guideline. This may include whether there is a way to allow customers to opt-in to detailed and basic billing information to suit their preferences, not requiring standardised plan information on every bill if that information is otherwise available on the customers digital app, if the customer is set up for automatic debit payment – not requiring other payment method information on the bill, etc.

03 Tier 1 information

Following our above comments, we are supportive of the proposed Tier 1 information with the following caveats:

- The NMI is unnecessary as Tier 1 information for the purposes of supporting retailer engagement with customers on their account.

¹ [AER Notice of Draft Instrument – Draft Better Billing Guideline](#), p31

² See [AEMC final rule change on bill contents and billing requirements](#)

³ [AEMC final rule change on bill contents and billing requirements](#), piii

⁴ Prime Minister of Australia media release [A modern digital economy to secure Australia's future](#) May 2021



- We are supportive of the inclusion of information regarding potentially better offers for the customer, but believe the AER should ensure the Victorian approach is appropriate for other jurisdictions (particularly due to the difference in smart meter penetration and therefore potentially accuracy of calculation).
- The AER should have retailer contact information (including URL) for complaints information (consistent with our complaints policy and procedures).

Better offer

We are supportive of the proposed inclusion of information for the customer on *better offer*. Following the Victorian approach will offer consistency across jurisdictions for retailers who operate in multiple jurisdictions. However, we would encourage the AER to undertake some further analysis on 'best offer' requirements to ensure they are appropriate and relevant for NECF customers, we note:

- The Essential Services Commission Victoria (ESC) threshold for a 'best offer' message is set at \$22. The ESC commissioned research and found that 90% of customers would need savings of \$50 or more to switch⁵, however made the policy decision to set it at \$22 due to exit fees.
- The ESC's 'best offer' calculation has an assumption that all conditions of a plan are met for the purposes of providing the plan information to the customer. To balance this, the ESC also introduced the Clear Advice Entitlement – acknowledging that the plan represented on the customers 'best offer' messaging, may not be the best offer for the individual customer.
- Communication of 'best offer' is required every three months. Where a customer is billed monthly, the 'best offer' message is not required on every bill.
- We are not aware of any review of the effectiveness and uptake of 'best offer' messaging under the Victorian regime.
- Under the mandatory AMI roll-out, nearly all Victorians have a digital meter, making the 'best offer' calculation more likely to be reflective of the customers actual usage. This level of digital meter penetration is not available in NECF jurisdictions⁶ and therefore is likely to impact retailer's ability to reasonably calculate a 'better offer'. The AER could undertake analysis of calculations of basic-meter customer information to determine whether the calculations and thresholds are appropriate.

[REDACTED]

[REDACTED]

[REDACTED]

We encourage the AER to allow retailers to have the option to include a 'better offer' message as Tier 1 information, but not require it until further research is undertaken and guidance is provided as to how retailers should determine whether a plan is better for a customer in a range of circumstances (including where actual meter reads have not been carried out).

⁵ ESC [Final Decision Building trust through new customer entitlements in the retail energy markets final decision](#)

⁶ The AEMC's recent paper on the [review of the regulatory framework for metering services Direction paper](#) notes that current smart meter penetration outside of Victoria is currently around 25%.



Complaint information

The AER is proposing to require retailers to include the contact information of the relevant Energy and Water Ombudsman (EWO) for complaints as Tier 1 information. We want our customers to have access to information on how to seek assistance, make complaints and otherwise engage on their account. Having the retailer contact information (including URL) for complaints would allow for consistency with our complaints policy, while still enabling customers to access a range of information about support and escalation pathways. In addition to our complaints policy and processes, our website includes a range of ombudsman information for customers and general support and information for customers.

NMI

The AER has proposed to class the NMI as Tier 1 information as *retailers often rely on this information in communicating with customers...*⁷. Many businesses will utilise other forms of information to identify and engage with customers on their account, including their account number, contact and personal information etc. At present, Telstra has included the NMI with other information regarding the customers usage and bill on page 2. While we can move the NMI placement on the bill, we do not see the placement change necessary to assist with our identification and engagement with customers.

Previous billing information

Our current bill design includes a summary of payments list for customers to help understand how their bill total was calculated. We included this information following customer research to determine what information the customer may find useful on their bill. This information would also be useful for customers who may choose to pay in advance of their bill/usage. The current version of this information is displayed as follows on our current NECF bill design:

Image 2 – Above the line Telstra bill example payment summary



Telstra Energy (Retail) Pty Ltd
ABN 23 645 100 447

Electricity Tax Invoice



Payment reference number



Invoice number



Issued on

08 Dec 2021

Invoice period

02 Nov - 01 Dec 2021

Balance carried forward	\$0.00 CR
Electricity usage and charges (see over for details)	\$145.28
Total amount of last invoice	\$26.80
Payment received	\$26.80 CR

⁷ [AER Notice of Draft Instrument – Draft Better Billing Guideline](#), p35



We believe there is benefit in continuing to include this information as Tier 1 information for customers. As an alternative we would encourage the AER to consider including it under the *understand your bill* section for Tier 2 information.

Other matters

Tier 1 information does not currently include the billing/invoice period. In preparing to enter the retail market, we undertook customer research into bills and through our customer interviews we found that customers considered the invoice period 'important information'.

04 Tier 2 information

Standardised plan summary

We understand the AER's intention of including this information is to make it easier for consumers to understand and compare the key features on their plan to understand how the bill is calculated. We make the following observations on this proposal:

- Requiring *understand your bill* information with standardised plan information as currently proposed by the AER appears to be repetitive. Simplifying the language and information required under *understand your bill* should negate the need to have standardised plan information on every bill.
- The increase move of customers to digital solutions (as discussed above) minimises the ongoing value that this information will have being required on every single customer bill (particularly where it is easily accessible via the customers online account / app)
- The roll-out of the CDR is likely to minimise the need for this information on every bill, particularly where customers are utilising accredited data recipients (ADR) for life administrative tasks, and as CDR expands to action initiation.⁸
- The research used to support this proposal does not appear to assess a range of different product and plan structures, in some instances customers standard plan summary may include several line items for usage and rates (i.e. multiple tariffs), not including concessions – which will take up significant space on a customer's bill. This information is unlikely to change month-to-month bringing into question whether this information should be required on every bill or for digital solutions.
- It is unclear whether the table is inclusive or exclusive of GST.

We recognise that not all customers are digitally enabled, and this is part of the reason the AEMC's final decision encouraged flexibility depending on how customers choose to receive their information. We proposed two potential alternatives in the guideline:

1. Do not require standardised plan information for digital bills if that information is readily accessible on a retailer's digital app or online customer account; and
2. Consider requiring the EME plan ID on a bill instead of the standardised plan information. Customers could go to EME to retrieve this data or input the plan ID and their NMI for tailored plan comparisons through the website. While this may not address legacy plans without EME IDs, it could be something that the market moves towards.

Understand your bill

There are opportunities for the AER to simplify and clarify the *understand your bill* information to ensure it considers a range of information customers find useful.

⁸ As reflected in [Treasury's consultation paper](#) on the Implementation of an economy-wide Consumer Data Right strategic assessment, 2021, and Hon Jane Hume and Hon Josh Frydenberg MP [joint media release](#) on CDR expansion (14 December 2021).



- The AER has listed 'peak' and 'off peak' tariff types, however it is not clear if these are used as umbrella terms to bundle tariff types under, or if retailers are expected to list all applicable tariff types. If the latter, we recommend the AER change this requirement to state that *all tariff types must be separate and provided in accordance with market data*, or words to that effect.
- Having two separate tables under *understand your bill* can help retailers split out information into a more logical flow for customers. We have ours structured as 1. Charges (usage and costs) and 2. Credits/payments (Guaranteed Service Level (GSL) payments, concessions etc). This helps structure the information with different columns relevant for each section. While we recognise the example in the Guideline is not the required format, we note that it is not the best way to display information for customers (for example, having a *charges* column for GST, credits, solar export line items is potentially confusing for customers).

Other observations on the current required information

- Does not include detail such as next scheduled read date, GSL payments, credits, payments information.
- "Solar Usage" is not defined in the NERR or the guideline, and retailers do not generally have access to this information unless otherwise involved directly with the installation of the distributed energy resource.
- "Solar export" appears to be the information currently captured by retailers which informs the 'feed in tariff'. Customers know and recognise "FiT", and we would encourage the consistent use of this language.
- "based on an estimation" should be simplified to "estimated" (we agree that an E is too simplistic and is not immediately clear to a customer what it is referring to).

As a general observation, it is unclear how this prescriptive structure of data to customers will fit with potential innovative product structures (such as cap or 't-shirt' size). These types of products can already be found in the market and may become more common place.