

Notice of Instrument: Better Bills Guideline

31 March 2022

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1 About this document

1.1 Introduction

Bills are a key source of information and communication between consumers and energy retailers. Consumers expect bills to be simple, easy to understand and a source of information about how and when to pay. However, energy bills can be cluttered, complex and confusing,¹ which burdens consumers with cognitive overload² and reduces bill comprehension.³ Consumers use bills to understand their energy usage, costs and how to get help. By meeting these needs, bills can help consumers build trust and confidence in their retailer and the energy market.⁴ The information in bills also helps customers to make confident decisions, such as making sure they are on the best deal for them or shopping around for a better deal.⁵

The Australian Energy Regulator (AER) must develop and publish a Better Bills Guideline (the Guideline) to set out how energy retailers must prepare and issue bills to small customers. The AER has developed the Guideline to establish:

- a set of design principles that must be applied holistically when producing bills
- inclusion of better offer messaging on bills to encourage consumers to switch to the best plan offered by their retailer and to compare plans from other retailers
- a tiered approach to billing information, which aims to make it easy for consumers to access essential billing information while ensuring they have access to other information when needed.

We intend that these requirements will:

- simplify energy bills and make them easier for consumers to understand
- strengthen the ability of consumers to make informed decisions in their best interests
- enable innovation and promote effective competition
- simplify the regulatory framework to reduce the cost to serve for retailers.

We undertook extensive consultation on the draft Guideline to seek to minimise the cost of implementation while ensuring that the guideline creates better consumer outcomes. The final Guideline reflects significant changes as a result of this consultation from both consumers and retailers. We believe that the Guideline minimises cost and enables industry innovation.

¹ BETA (Behavioural Economics Team of the Australian Government), [Energy bill contents and bill requirements: literature review](#), Department of the Prime Minister and Cabinet website, October 2021, p 6.

² BETA, [Improving energy bills: final report](#), Department of the Prime Minister and Cabinet website, October 2021, p 33.

³ BETA, [Energy bill contents and bill requirements: literature review](#), p 3.

⁴ The Hon Angus Taylor MP (then Minister for Energy and Emissions Reduction), Minister for Industry, Energy and Emissions Reduction, [Better Bills – AEMC Rule Change Request](#), AEMC (Australian Energy Market Commission) website, April 2020 ('Rule change request').

⁵ BETA, [Energy bill contents and bill requirements: literature review](#), pp 21–23.

Notably, these changes include:

- increased flexibility to the tiering of information through:
 - providing retailers choice of where to provide tariff time (charging window) information (previously required in the plan summary)
 - exemptions for jurisdictional requirements
 - allowing important messages in Tier 1, for example natural disaster information
- better offer message every 100 days that closely aligns with Victorian method, with exemptions for:
 - multi-site premises
 - Ergon Energy, as a non-competitive retailer
- clarification of the scope of the guideline, including confirmation that it does not apply to:
 - ‘carry-over’ customers who would otherwise be considered a large customer
 - off-market embedded networks.

The Guideline creates binding, enforceable obligations on retailers to assist them to meet their obligations under the National Energy Retail Rules (NERR) (noting NERR amended subrule 25(1) comes into force on 4 August 2022).

There are four parts to the Guideline:

- Part 1 provides an overview of the application, commencement and interpretation of the Guideline.
- Part 2 contains the current billing requirements that will apply under the transitional arrangement from 4 August 2022 until 30 March 2023.
- Part 3 contains the new billing obligations that all retailers must comply with by 31 March 2023, but which retailers can elect to comply with from 4 August 2022.
- Part 4 contains the Better Offer requirements that all retailers must comply with by 31 March 2023.

This Notice of Instrument (the Notice) accompanies the Guideline.⁶ It explains how and why the AER has arrived at the requirements outlined in the Guideline, with consideration of stakeholders’ feedback on the draft Guideline, previous stakeholder insights provided in response to the preliminary consultation in September 2021, and consumer research.

1.2 Background

On 17 April 2020, the Hon Angus Taylor MP (then Minister for Energy and Emissions Reduction, now Minister for Industry, Energy and Emissions Reduction) lodged a rule change request with the Australian Energy Market Commission (AEMC). The Minister’s rule change request proposed amending rule 25 of the NERR to allow for the development of an enforceable Better Billing Guideline.

⁶ The Guideline can be accessed at the AER website.

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The rule change request proposed the AER make an enforceable Guideline to improve consumer and market outcomes, including:

- simpler and more understandable bills for all consumers
- improved transparency and consistency of billing information across the retail sector
- increased consumer confidence to participate in the market and make informed decisions
- increased knowledge of Energy Made Easy (EME) and other resources
- ensuring methods of bill delivery may be mandated where it is in the best interests of consumers
- driving improvements in competition.⁷

On 18 March 2021, the AEMC published the *Rule Determination: Bill Contents and Billing Requirements (final determination)* and *National Energy Retail Amendment (Bill contents and billing requirements) Rule 2021 No. 2 (Final Rule)*.⁸ The Final Rule requires the AER to develop, publish and, as necessary, amend the Guideline.⁹

1.3 Role of the Better Bills Guideline

The AER must make the Guideline:

- in accordance with the retail consultation procedure in the NERR¹⁰
- having regard to the bill objective and billing principles in the rule¹¹
- in a manner that will, or is likely to, contribute to the achievement of the National Energy Retail Objective (NERO) and is compatible with the development and application of protections for small customers.¹²

The AER may also take into account any other matter that the AER considers relevant to the bill objective.¹³

1.3.1 Bill objective

The objective of a bill is to provide billing information that enables small customers to easily understand:

- payment amounts, dates and methods
- how their bill is calculated and whether it conforms to their customer retail contract

⁷ The Hon Angus Taylor MP, [Rule change request](#).

⁸ AEMC, [Rule Determination: Bill Contents and Billing Requirements \('Final Rule Determination'\)](#), AEMC website, 18 March 2021; AEMC, [National Energy Retail Amendment \(Bill contents and billing requirements\) Rule 2021 No. 2 \('Final Rule'\)](#), AEMC website, 18 March 2021.

⁹ AEMC, [Final Rule](#), subrules 25A(1)–(2).

¹⁰ AEMC, [Final Rule](#), subrule 25A(2).

¹¹ AEMC, [Final Rule](#), rule 25A.

¹² AEMC, [Final Rule](#), subrule 25A(5).

¹³ AEMC, [Final Rule](#), subrule 25A(4)(b).

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- their energy consumption and production, and related costs and revenue, to assist with:
 - using energy efficiently
 - comparing their customer retail contract with other energy offers available to them
 - considering options for energy supply other than through the distribution system
- how to dispute or raise a query in relation to their bill
- how to access interpreter services and seek financial assistance
- how to report a fault or emergency.¹⁴

1.3.2 Billing principles

In making and amending the Guideline, the AER:

- must take into account:
 - the need for consumer protections for small customers, while also enabling retail market innovation, competition and consumer choice
 - the costs for retailers of compliance with the Guideline and the potential resulting costs for small customers
 - whether the requirements in the billing guideline are effective and proportionate to the expected benefits that result from achieving the relevant part of the bill objective
 - the potential benefits of standardising language and terminology across bills, customer retail contracts and energy offers
- may take into account any other matters that the AER considers relevant to the bill objective.¹⁵

The AER must make and amend the Guideline in a manner that:

- will or is likely to contribute to the achievement of the NERO
- is compatible with the development and application of consumer protections for small customers, including (but not limited to) protections relating to hardship customers.¹⁶

The AEMC considered this approach would simplify energy bills, improve small customers' understanding of their energy usage and costs, and drive improvements in competition by making it easier for customers to find a better energy deal.¹⁷

1.4 AER enforcement of the National Energy Retail Rules and National Energy Retail Law

The National Energy Retail Law (NERL) gives the AER power to monitor, investigate, enforce and report on regulated entities' compliance with the National Energy Retail Law and

¹⁴ AEMC, [Final Rule](#), subrule 25A(3).

¹⁵ AEMC, [Final Rule](#), subrule 25A(4).

¹⁶ AEMC, [Final Rule](#), subrule 25A(5).

¹⁷ AEMC, [Final Rule Determination](#), p i.

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Rules, National Electricity Law and Rules, National Gas Law and Rules, and associated Regulations and Guidelines.¹⁸

Each year the AER releases its *Compliance and Enforcement Priorities*, which guide our enforcement work and proactive compliance efforts, and also signal areas where we consider that behavioural change in the market is required. The AER's compliance and enforcement work is guided by our *Compliance and Enforcement Policy*, which sets out our priorities in line with our *Strategic Plan 2020–2025*.¹⁹ Our current compliance and enforcement priorities are:

- effective identification of residential consumers in financial difficulty and offer of payment plans that consider the customer's capacity to pay
- ensuring embedded network compliance with exemption conditions, including consumer access to ombudsman schemes
- focusing on registered generators' compliance with Australian Energy Market Operator (AEMO) dispatch instructions and their ability to comply with their latest offers at all times
- ensuring service providers meet information disclosure obligations and other part 23 National Gas Rules obligations
- ensuring timely and accurate gas auction reporting by registered participants.²⁰

The priorities should be read in conjunction with the AER's *Compliance and Enforcement Policy*, which sets out how we approach our compliance and enforcement roles and functions in accordance with the national energy laws.²¹

Our approach to compliance and enforcement aims both to encourage compliance and to address non-compliance. It allows us to hold specific parties that fail to comply with their obligations under the national energy laws to account. It also allows us to leverage outcomes across the market and achieve the strategic benefits of general deterrence.²²

Businesses that operate under the NERL also have obligations under the Australian Consumer Law (ACL), which applies to their relationships with energy customers. The ACL and the national energy laws operate together to provide a framework for businesses to operate within.

The AER aims to exercise its functions and powers in a fair, consistent and transparent manner. For more information, please refer to AER guidance on its compliance and enforcement approach including the AER's *Compliance and Enforcement Policy*.²³

The Guideline applies to authorised retailers. Exempt sellers are not required to comply with the Guideline. For clarity, this Guideline applies for on-market embedded networks customers. The *AER (Retail) Exempt Selling Guideline* outlines exemptions applicable in relation to the sale of energy. The Guideline does not apply to the sale of bulk hot water because it is not a 'sale of energy' under the Retail Law and Retail Rules.

¹⁸ *National Energy Retail Law (South Australia) Act*, s204.

¹⁹ AER, [Strategic plan: 2020–2025](#), AER website, December 2020.

²⁰ AER, [AER compliance and enforcement priorities 2021–22](#), AER website, June 2021.

²¹ AER, [Compliance and enforcement policy](#), AER website, July 2021.

²² AER, [Compliance and enforcement policy](#).

²³ AER, [Compliance and enforcement policy](#).

1.5 AER's strategic priorities

Through this Guideline, the AER will address complexity in bills and improve consumer outcomes. Among other initiatives, during 2020–2025 we are prioritising:

- improving consumer outcomes while reducing cost to serve by boosting consumer and behavioural insights and applying them across AER initiatives (including the Better Bills Guideline)
- developing a vulnerability strategy to inform work across the AER and consideration of consumer issues
- advocating to simplify the retail market regulatory framework to encourage effective competition and reduce cost to serve.

2 Version history and effective date

This final Notice is in relation to version 1 of the Better Bills Guideline.

Part 1 (Application, commencement and interpretation), Part 3 (Contents of bills) and Part 4 (Better offer) commence on 4 August 2022.

Part 2 (Contents of bills – transitional requirements) commences on 4 August 2022 and expires, as if it were repealed, on 30 March 2023.

3 Overview of consultation and research

In developing this Guideline and ensuring we meet our obligations under the NERR, the AER used several approaches to gather evidence and views.

This extensive approach included consideration of:

- 18 submissions to the AEMC rule change process in 2020²⁴
- existing Australian and international consumer research²⁵
- consumer research conducted for the AER (further outlined in 3.1 below) on:²⁶
 - the priority content for inclusion in bills
 - how to reduce information overload in bills
 - how to maximise comprehension of bill content
 - billing preferences and needs of specific consumer groups (including culturally and linguistically diverse consumers, older non-digital consumers, and small business customers)
 - how to maximise comprehension and effectiveness of better offer messages
- feedback from our Better Bills Guideline Working Group²⁷
- 34 submissions to the preliminary AER consultation (closed 22 September 2021)²⁸
- 26 submissions to the AER consultation on the draft Guideline (closed 31 January 2022)²⁹
- feedback received through two stakeholder forums in September 2021 and February 2022, which were attended by energy businesses, consumer groups, ombudsman schemes and state/territory and federal government representatives
- changes to the final guideline reflect the feedback received through this consultation from a diverse range of stakeholders with the aim to minimise the cost of implementation.

3.1 AER consumer and behavioural insights

The AER has undertaken a range of consumer research to ensure the Guideline is informed by relevant behavioural insights.

²⁴ AEMC, [Draft National Energy Retail Amendment \(Bill contents and billing requirements\) Rule 2021 \('Draft Rule'\)](#), AEMC website, 17 December 2020.

²⁵ BETA, [Energy bill contents and bill requirements: literature review](#).

²⁶ AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#), AER website, August 2021; BETA, [Improving energy bills: final report](#); Hall & Partners, [Australian Energy Regulator Better Bills Guidelines research: final report](#), AER website, July 2021; Hall & Partners, [Australian Energy Regulator small to medium business owners Better Bills Guideline research: report](#), AER website, December 2021.

²⁷ AER, [Better Bills Guideline: preparation](#), AER website, accessed 24 March 2022.

²⁸ AER, [Better Bills Guideline: initiation](#), AER website, accessed 24 March 2022.

²⁹ AER, [Better Bills Guideline: draft decision](#), AER website, accessed 24 March 2022.

3.1.1 Strategic partnership with BETA

3.1.1.1 *Energy bill contents and bill requirements: literature review*

As part of the AER's strategic partnership with the Behavioural Economics Team of the Australian Government (BETA), we commissioned an international literature review to summarise relevant research and identify gaps in existing knowledge.³⁰ The literature review considered findings from academic and policy research from both Australia and around the world, as well as stakeholder submissions to the AEMC's consultation process. Based on the findings of this review, priority research questions were identified and finalised with input from stakeholders, including retailers, consumer groups and ombudsman schemes.

3.1.1.2 *Improving energy bills: final report*

To address the identified research gaps and answer the priority research questions, we commissioned BETA to conduct consumer testing through two online surveys with a total sample of over 14,000 Australian residential energy customers.³¹ In addition to qualitative and quantitative survey questions on consumers' energy billing behaviours and preferences, the surveys included six randomised controlled trials or 'survey experiments' on specific aspects of bill design and content, including:

- bill length and layout (testing four different bill styles: a 'comprehensive bill', a 'structured comprehensive bill', an 'email-style bill', and a 'basic bill')
- detailed charges tables
- plan summaries
- 'best offer' messages
- simple definitions of key terms
- energy usage and solar export charts
- household benchmarking information.

3.1.2 Focus groups

Targeted focus groups were also undertaken with consumer groups who were underrepresented in the BETA research due to the nature of the research approach.

3.1.2.1 *CALD consumers*

In June and July 2021, the Ethnic Communities Council of NSW conducted seven in-language focus groups with culturally and linguistically diverse (CALD) consumers from six different language groups.³² The focus group discussions covered these consumers' billing experiences and behaviours, as well as their responses to two sample bills (a comprehensive or 'complex' bill and a basic or 'simple' bill), with findings analysed and published by the AER.

³⁰ BETA, [Energy bill contents and bill requirements: literature review](#).

³¹ BETA, [Improving energy bills: final report](#).

³² AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#).

3.1.2.2 Older consumers

These focus groups were conducted and analysed by Hall & Partners, also in June and July 2021.³³ They were targeted to understand the perspective of older consumers (aged 65+) who receive paper bills and do not engage with their energy retailer through digital channels. Three face-to-face focus groups were undertaken with a total of 18 participants, with additional planned focus groups cancelled due to COVID19 restrictions. The discussion was structured to align with the CALD consumer focus groups, covering respondents' billing experiences and behaviours as well as their responses to two sample bills.

3.1.2.3 Small business customers

In November and December 2021, the AER commissioned further research with small business customers.³⁴ Hall & Partners conducted four online focus groups and two online interviews with a total of 25 small business owners/operators from regional and metropolitan Queensland, New South Wales, South Australia and Tasmania. The participants operated within a diverse range of industries, including tourism, hospitality, retail, manufacturing, and personal and professional services. With assistance from the Council of Small Business Organisations Australia (COSBOA), we also interviewed seven leaders and representatives of small business organisations. Findings from both the focus groups and interviews were analysed and reported by Hall & Partners.

3.1.3 Better offer research

In February 2022, the AER commissioned the Behavioural Insights Team (BIT) to conduct consumer testing of an on-bill message encouraging consumers to compare or switch to their retailer's best offer, referred to as a 'better offer' message (see 6 below).³⁵ This testing involved individual interviews with 15 consumers as well as an online survey with 1,716 consumers, including a randomised controlled trial. The aim of this research was to identify how the better offer message could be optimised to maximise consumer comprehension, trust and intention to act.

³³ Hall & Partners, [Australian Energy Regulator Better Bills Guidelines research: final report](#).

³⁴ Hall & Partners, [Australian Energy Regulator small to medium business owners Better Bills Guideline research: report](#). For this research, small business customers were defined by their energy usage (<100 MWh per year).

³⁵ BIT (Behavioural Insights Team), [Testing the better offer notice on energy bills](#), AER website, March 2022.

4 Design principles

A well-designed bill can improve consumers' experience of and engagement with the energy market, including making best use of and understanding their energy deal.³⁶ Part 3 of the final Guideline requires retailers to apply overarching design principles when preparing and issuing bills to small customers to help support better consumer and market outcomes in billing.

The Guideline adopts the following five key design principles for energy bills:

- use simple language
- make the bill easy to understand
- make the most important information most prominent
- order the bill to make it easy to understand
- design.

The design principles contained within the final Guideline operate as a set of criteria that retailers are required to consider when creating their bills. We have heard from Better Bills Guideline Working Group members that customers are not homogenous. Retailers must engage with the framework and, as experts of their customer base, flexibly apply the principles in a way that best suits their particular customers, prioritising their comprehension and promoting engagement. This flexibility promotes innovation and competition.³⁷

The AER has balanced the benefits to consumers by prioritising simple, understandable bills with the expected costs associated with potential bill changes by retailers (which may ultimately be borne by customers) and aimed to reduce implementation and ongoing costs by opting for principles rather than prescription.³⁸ This is a proportionate measure because it promotes consumer protections since consumers are better able to understand billing information while enabling retail market innovation and avoiding prescription.³⁹ Further, the AER considers that the design principles will benefit the long-term interests of consumers by assisting them to engage effectively in the energy market, thereby achieving the NERO.⁴⁰

Retailers must apply the design principles to the overall design of energy bills and specific bill content, including Tier 1, Tier 2 and any other information included in a bill. We expect retailers to take a holistic approach to bill design and to consider how these principles can be applied to make bills easily understandable for small customers. We consider the research and submissions demonstrate that well-designed bills improve consumer comprehension and thereby enable market engagement. We expect retailers to be able to demonstrate their compliance with this requirement by being able to show how they have considered and used the principles in designing their bills.

³⁶ BETA, [Energy bill contents and bill requirements: literature review](#).

³⁷ AEMC, [Final Rule](#), subrule 25A(4)(a)(i)

³⁸ AEMC, [Final Rule](#), subrule 25A(4)(a)(ii)

³⁹ AEMC, [Final Rule](#), subrules 25A(4)(a)(i) and 25A(4)(a)(iv).

⁴⁰ AEMC, [Final Rule](#), subrule 25A(5)(a).

4.1 Use simple language

Complex language and terminology reduce consumer comprehension. Retailers can improve consumer engagement through simple communication.

4.1.1 Research

Research consistently finds that technical language represents a key comprehension and engagement challenge for consumers when it comes to their energy bill.

Research conducted by Ofgem has identified that technical terms such as ‘credit’ and ‘kWh’ are confusing, aligning with the AER’s qualitative findings that CALD customers report confusion over terms such as ‘kilowatt-hour’ and ‘NMI’.⁴¹ BETA has identified that nomenclature on energy bills is unclear.⁴²

There was significant agreement in the submissions from a diverse range of stakeholders for both AER consultation processes that simplification of language and terminology in consumer bills will benefit consumers including from the Australian Energy Council, Energy Ombudsmen, the Council of the Ageing, NSW Ethnic Communities Council and the Public Interest Advocacy Centre.⁴³ Earlier research conducted by BIT on behalf of the ACCC and AER found that presenting energy concepts in a simple and descriptive way is most effective for improving consumer comprehension.⁴⁴ These findings were echoed in responses from the ACCC and Consumer-wise to the AER’s September 2021 consultation process.

Bill language also has an impact on consumer perceptions and behaviours. For example, research by BEWorks found that bills that use conversational language are better liked, understood and remembered, resulting in greater customer satisfaction.⁴⁵ In their qualitative research, BETA also found that consumers want their bills to be simpler, with less jargon and clearer explanations (especially for charges they do not understand, such as supply charges).⁴⁶ In addition, their literature review found a general acceptance in authoritative research that using conversational language improves bill comprehension.⁴⁷ Similarly, the

⁴¹ Ofgem (Office of Gas and Electricity Markets), [Consumer First Panel 2017: Understanding information needs](#), December 2017; AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#).

⁴² BETA, [Improving energy bills: final report](#).

⁴³ AEC (Australian Energy Council), [Submission to the draft Better Bills Guideline consultation](#), AER website, 10 February 2022 (‘AEC draft Guideline submission’); COSBOA, [Submission to the draft Better Bills Guideline Consultation](#), 7 February 2022 (‘COSBOA draft Guideline submission’); EWOQ & EWOSA & EWON, [Submission to the draft Better Bills Guideline Consultation](#), 31 January 2022 (Joint Ombudsman draft Guideline submission’); COTA, [Submission to Better Bills Guideline Consultation](#), 22 September 2021, (‘COTA consultation submission’); EWOQ & EWOSA, [Submission to Better Bills Guideline Consultation](#), 21 September 2021 (‘EWOQ & EWOSA consultation submission’); PIAC & Ethnic Communities Council NSW & Physical Disability Council NSW, [Submission to Better Bills Guideline Consultation](#), 22 September 2021, (‘PIAC, ECC NSW & PDCNSW consultation submission’).

⁴⁴ BIT (Behavioural Insights Team), [Testing comprehension of the reference price](#), ACCC, 26 June 2020.

⁴⁵ BEWorks, [Introduction to behavioural economics for CDM: applications and best practices for bill design](#), BEWorks, 2016 (‘Best practices for bill design’).

⁴⁶ BETA, [Improving energy bills: final report](#).

⁴⁷ BETA, [Improving energy bills: final report](#).

CPRC has determined that simplifying language, removing jargon and using Easy English are important for improving consumer engagement in the market.⁴⁸

Over time, greater familiarity with language reduces the cognitive burden required to engage with documents, improving attention and retention and promoting confidence.⁴⁹ The retail pricing information guideline recommends that retailers should maintain language consistency wherever possible and, while retail pricing information guideline's requirements do not extend to bills, familiar terms can potentially reduce confusion for customers.⁵⁰

4.1.2 Stakeholder views

Responses to consultation on the draft Guideline were largely supportive of the principle that bills should be simple and easy to understand.

We acknowledge the insights from the consultation on our draft Guideline that what is considered conversational for some consumers may not be for others.⁵¹ We also acknowledge that some stakeholders regard 'jargon' as too broad in meaning and industry 'jargon' should not be conflated with unique descriptors used by energy retailers to describe their products⁵². We also note that some technical terms are required under the retail pricing information guideline.⁵³

Queensland Council of Social Service (QCOSS), Public Interest Advocacy Centre (PIAC) and South Australian Council of Social Service (SACOSS) noted in their responses to the AEMC rule-change consultation that acronyms, abbreviations and tariff types were examples of problematic language for consumers. Stakeholders have also raised with us that acronyms or abbreviations for credit and debt (such as 'CR' and 'DR') tend to confuse customers and waste time, prompting some customers to pay the credit amount, resulting in compounding overpaid bills that are complex to resolve.

In consultation on the draft Guideline, some consumer groups advocated for further prescription, citing standardised bill templates⁵⁴ and use of font colour⁵⁵ (colour is only mentioned in relation to logical grouping). Further, there is support for the use of standardised language from members of the Working Group and through consultation responses on the draft guideline from Energy and Water Ombudsman Queensland (Energy and Water Ombudsman NSW (EWON), Energy and Water Ombudsman SA (EWOSA) and

⁴⁸ L Solomon and B Martin-Hobbs, [Five preconditions of effective consumer engagement – a conceptual framework](#), CPRC, April 2018.

⁴⁹ BEWorks, *Best practices for bill design*; BETA, [Electricity Information to fit the bill](#), Department of the Prime Minister and Cabinet website, December 2018.

⁵⁰ AER, [Notice of Final Instrument – Retail Pricing Information Guidelines](#), AER website, April 2018, p 27.

⁵¹ Tango Energy, [Submission to the draft Better Bills Guideline consultation](#), AER website, 31 January 2022, p 1 ('Tango draft Guideline submission').

⁵² AEC draft Guideline submission; Powershop/Meridian, [Submission to the draft Better Bills Guideline Consultation](#), 31 January 2022 ('Powershop draft Guideline submission').

⁵³ Powershop draft Guideline submission.

⁵⁴ COTA, [Submission to the draft Better Bills Guideline Consultation](#), 31 January 2022 ('COTA draft Guideline submission').

⁵⁵ QLD Consumers Association, [Submission to the draft Better Bills Guideline Consultation](#), 31 January 2022 ('QCA draft Guideline submission').

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the Department of Energy and Mining (SA) (DEM (SA)).⁵⁶ The Queensland Consumers Association further emphasised that bills need to be accessible, particularly for those with a disability, and proposed that retailers ought to provide alternative bill formats through audio, large print and plain English.⁵⁷

4.1.3 AER position

The Guideline requires retailers to prioritise customer comprehension through simple language and terminology and incorporation of simple grammar. The Guideline requires retailers to have regard to conversational tone and avoid jargon, technical terms, abbreviations and acronyms.

We require retailers to use simple language, terminology and grammar when providing unique product descriptions and, in doing so, avoid descriptions that are complex or difficult to understand. 'Jargon' is not intended to be conflated with product descriptions and these descriptions may be included as 'additional information' under the Guideline.

We note that the Guideline requires certain use of acronyms (NMI (although this is required to be accompanied with the actual words 'National Meter Identifier'), kWh and MJ). The AER encourages retailers to avoid use of acronyms beyond what is required by the Guideline.

We strongly encourage retailers, when applying this principle, to consider the research outlined above when applying conversational language. The AER maintains that the use of conversational language is a useful tool in promoting comprehension. The nature of principles (and indeed a strength) is that they apply flexibly and are not intended to be prescriptive. In addition, the flexibility within the principles should also help promote innovation in bill design by retailers.

Consumer comprehension can be improved through consistent use of language in consumer and marketing communications, but the AER does not require standardised language (beyond the better offer messaging) or form of bills.⁵⁸ While there have been frequent calls from stakeholders to standardise elements of bills, including language, there are practical challenges in achieving this. These challenges include different jurisdictional requirements for information included on bills, and terms that may be clear on their face may have established definitions under the NERL or NERR such that redefining or using them in different contexts would cause complications across the NEM. These practical challenges are acknowledged and therefore standardisation beyond prescribed wording for the better offer message is not included in the Guideline. Further, the AER considers that standardisation would limit a retailers' ability to innovate and may result in a bill template that is not fit for purpose in a changing market.

The Guideline requires retailers to avoid uncommon terminology. The AER recommends retailers consider this requirement as two-fold – avoiding uncommon terminology in both an everyday sense and uncommon terminology in energy-related communications. Related to

⁵⁶ Joint Ombudsman draft Guideline submission; Department for Energy and Mining (SA), [Submission to the draft Better Bills Guideline consultation](#), AER website, 31 January 2022 ('DEM SA draft Guideline submission').

⁵⁷ QCA draft Guideline submission.

⁵⁸ AEMC, [Final Rule](#), subrule 25A(4)(a)(iv) – the potential benefits of standardising language and terminology across bills, customer retail contracts and energy offers.

the requirement to use a conversational tone, retailers must not use terminology that is unfamiliar or unusual. Additionally, consumers may have been regularly exposed to terms in energy-related communications other than bills from their retailer because of provisions in the retail pricing information guideline, thereby promoting familiarity of those terms. We recommend that retailers consider consistency of terms in bills with those used in other communications to prioritise customer comprehension and literacy of the energy market.

4.2 Make the bill easy to understand

Bill format and presentation can have a significant impact on consumer comprehension.

4.2.1 Research

BETA's study found that, as long as a bill is designed in line with their recommended design principles, its length and layout have little impact on comprehension.⁵⁹ As such, providing additional information that is clear and relevant can make a bill easier to understand even while increasing bill length, as long as the bill is well designed.⁶⁰ BETA's qualitative findings also indicate that reducing clutter and making information easier to find through strategic use of colour and white space, as well as larger font size, would benefit consumers.⁶¹ A review conducted by the AER found that difficult-to-read bills contain unhelpful shading, use small text to display important information, and lack headings or boxes to separate key parts of the bill (such as usage, charges and due dates).⁶²

This aligns with the conclusions of BETA's literature review and the findings of our targeted focus groups, particularly with older and CALD consumers.⁶³ The AER's research maintains that, in general, an approach that is clear and easily understandable by consumers reflects better practice.⁶⁴ Research conducted by Ofgem similarly found that information should be relevant, attention grabbing, simple, uncluttered, personalised, actions-focused and easy to access.⁶⁵ Other research highlights that personalised communications are more effective in increasing engagement and prompting behaviour change.⁶⁶ Our research indicates that personalisation can make it easier for consumers to relate to and understand information.⁶⁷

⁵⁹ BETA, [Improving energy bills: final report](#).

⁶⁰ BETA, [Energy bill contents and bill requirements: literature review](#); BETA, [Improving energy bills: final report](#).

⁶¹ BETA, [Energy bill contents and bill requirements: literature review](#); BETA, [Improving energy bills: final report](#).

⁶² AER, [National Energy Retail Law: small customer billing review](#), AER website, February 2014.

⁶³ Hall & Partners, [Australian Energy Regulator Better Bills Guidelines research: final report](#); AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#); BETA, [Energy bill contents and bill requirements: literature review](#).

⁶⁴ AER, [National Energy Retail Law: small customer billing review](#).

⁶⁵ Ofgem, [Consumer First Panel 2017: Understanding information needs](#), Ofgem website, December 2017.

⁶⁶ Ofgem, [Consumer Protection Report: Autumn 2021](#), Ofgem website, October 2021; Ofgem, [Consumers' experiences with energy during the COVID-19 pandemic – March 2021 update](#), Ofgem website, 14 July 2021.

⁶⁷ Hall & Partners, [Australian Energy Regulator Better Bills Guidelines research: final report](#); AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#); BETA, [Energy bill contents and bill requirements: literature review](#).

4.2.2 Stakeholder views

Retailers submitted that they are not able to guarantee that a customer will comprehend their bill.⁶⁸ Therefore, retailers indicated that the requirement that ‘a bill must enhance customer comprehension’ is a subjective principle that is difficult to comply with.⁶⁹ Further, Australian Energy Council (AEC) advocated for amending the proposed design principles to use clearer language and place obligations on retailers, rather than on outcomes outside of retailers’ control.⁷⁰

4.2.3 AER position

The AER does not expect retailers to guarantee that each customer will fully understand their bill. However, we do consider that retailers can, and should, make ease of comprehension a priority in bill design. The AER maintains that principles requiring retailers to consider appropriate choice of colour, font size and style, headings, use of white space, logical grouping and use of graphics will promote consumer comprehension of billing information, aligning with the research. We also consider that retailers should be able to undertake their own consumer research to understand how to improve customer comprehension and then translate this research into bill designs.

4.3 Make the most important information most prominent

Making information more prominent can increase its salience, which supports better comprehension and engagement.

4.3.1 Research

BETA’s review of the literature found that making key information clear and prominent encourages consumer comprehension and engagement by increasing the salience of that information.⁷¹ Visual design elements such as colour, boxes, bold text, diagrams and tables can help draw and hold consumers’ attention, which is a prerequisite for comprehension and action.⁷² A review conducted by the AER found that easy-to-read bills use shading and boxes judiciously to emphasise key parts of the bill.⁷³ Similarly, research conducted for the AER by BIT has found that a clear, bold headline that emphasises the key information or desired action is crucial for shifting behaviour.⁷⁴

When asked an open-ended question about what they would like to change about their energy bills in the BETA research, consumers said they would like energy bills that use colour strategically, make font size bigger, reduce clutter and make critical information stand

⁶⁸ AGL, [Submission to the draft Better Bills Guideline consultation](#), AER website, 31 January 2022 (‘AGL draft Guideline submission’); Alinta Energy, [Submission to the draft Better Bills Guideline consultation](#), AER website, 1 February 2022 (‘Alinta draft Guideline submission’).

⁶⁹ AEC draft Guideline submission, AGL draft Guideline submission, Alinta draft Guideline submission, Origin draft Guideline submission, Powershop draft Guideline submission.

⁷⁰ AEC draft Guideline submission.

⁷¹ BETA, [Energy bill contents and bill requirements: literature review](#).

⁷² BETA, [Energy bill contents and bill requirements: literature review](#).

⁷³ AER, [National Energy Retail Law: small customer billing review](#).

⁷⁴ BIT, [Final report: BIT review of the Benefit Change Notice for the Australian Energy Regulator](#), AER website, June 2018.

out.⁷⁵ The qualitative responses in both the BETA research and the focus groups indicate that font size and white space are particularly important for making critical information easy to find, in addition to positioning this information on the first page of the bill.⁷⁶

4.3.2 Stakeholder views

In their submissions in response to the draft Guideline, AEC, PIAC, EWOQ, EWON and EWOSA supported the principle that the most important information should be the most prominent.⁷⁷ AGL, EnergyAustralia and Simply Energy argued that the tiered approach impacted the ability to exercise discretion over the prominence of information.⁷⁸

4.3.3 AER position

The tiered approach is grounded in research and the AER maintains that the information as distinguished within the tiers is beneficial to bill comprehension. Prominence has many elements beyond positioning, so the AER does not agree that the tiered approach will limit the ability to apply the prominence principle.

4.4 Order the bill to make it easy to understand

The literature indicates that comprehension of billing information is impacted by both the priority of information ordering (i.e. what content appears first) and the coherence of information ordering (i.e. what content appears together).

4.4.1 Research

BETA has found that simplified energy bills that place key information upfront increase subjective comprehension, as well as consumer confidence in using the bill for switching purposes (even in the absence of any switching-specific information).⁷⁹ The importance of placing key information on the first page is supported by our qualitative survey and focus group findings.⁸⁰ In addition, 86% of European consumers agree that energy bills would be easier to understand if relevant information was placed on the front page, and consumers consistently ranked this as the most efficient policy option to make energy bills easier to understand.⁸¹ The effectiveness of information and behavioural interventions has also been clearly linked to inclusion on the first page in research from the UK.⁸²

⁷⁵ BETA, [Improving energy bills: final report](#).

⁷⁶ BETA, [Improving energy bills: final report](#); Hall & Partners, [Australian Energy Regulator Better Bills Guidelines research: final report](#); AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#).

⁷⁷ Joint Ombudsman draft Guideline submission.

⁷⁸ AGL draft Guideline submission; EnergyAustralia, [Submission to the draft Better Bills Guideline consultation](#), AER website, 31 January 2022 ('EnergyAustralia draft Guideline submission'); Simply Energy, [Submission to the draft Better Bills Guideline consultation](#), AER website, 31 January 2022 ('Simply Energy draft Guideline submission').

⁷⁹ BETA, [Electricity Information to fit the bill](#).

⁸⁰ Hall & Partners, [Australian Energy Regulator Better Bills Guidelines research: final report](#); AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#); BETA, [Improving energy bills: final report](#).

⁸¹ Ipsos-London Economics-Deloitte consortium and European Commission, [Consumer study on 'precontractual information and billing in the energy market – improved clarity and comparability': final report](#).

⁸² BETA, [Energy bill contents and bill requirements: literature review](#).

BETA has also found that grouping bill contents into common themes facilitates consumers in extracting key information.⁸³ This is further supported by our focus group research with culturally and linguistically diverse consumers, who emphasised the value of grouping related information (such as contact numbers) together.⁸⁴ The AER's earlier review found that the easiest-to-read bills used visual design elements such as borders and shading to separate unrelated information.⁸⁵

4.4.2 Stakeholder views

We have received submissions on the draft Guideline that the requirement to present billing information using a tiered approach made it difficult for retailers to group information logically. Some examples were provided including:

- that advice on how a customer can submit a self-read and estimated date of next scheduled read could not be included next to the estimated read information at Tier 2 and would instead be confined to 'additional information' in the draft Guideline
- information on late payment fees could not be included next to the amount due in Tier 1 and would instead be confined to Tier 2 in the draft Guideline.⁸⁶

4.4.3 AER position

Ordering of information on the bill increases consumer understanding. The AER has required some ordering of information, through the tiering of information that is discussed in 5. However, retailers should apply this principle in considering the order of information that it places on bills.

The tiers limit the grouping of information only insofar as information must be ordered sequentially from Tier 1 information on the front page/start of the bill, Tier 2 information on page 2/after Tier 1 information and then followed by 'additional information'. The flexible nature of the principles in relation to logical grouping supports retailers as experts in bill design and allows for discretion in relation to bill layout with consideration of the tiers. We note that the specific ordering issues identified including self-reads (or customer read estimates as defined in the NERR) are discussed at 5.3.2.4.

The AER balanced stakeholder perspectives about the perceived limitations of the tiered approach to achieve the principle of ordering the bill, against the billing principles as proposed by the AEMC to which the AER had to take into account in making the Guideline and also consumer research.

Specifically, the AER considered the benefits that ordering the bill provides in enabling small consumers to engage with their bill and access essential information, promoting consumer protections, while also enabling retail market innovation, competition and consumer choice. The AER maintains that retailers must have regard to structuring the bill to make it readily understood by consumers.

⁸³ BETA, [Energy bill contents and bill requirements: literature review](#).

⁸⁴ AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#).

⁸⁵ AER, [National Energy Retail Law: small customer billing review](#).

⁸⁶ AEC draft Guideline submission; AGL draft Guideline submission; Origin draft Guideline submission.

4.5 Design

4.5.1 Research

It is estimated that five million Australians are unable to access products and services because of poor design.⁸⁷ Where market, regulatory and business practices are not designed with these consumers in mind, this results in lost opportunities for consumers to derive the benefits of well-functioning markets. Inclusive design is one method to remove barriers to consumer engagement with the market.⁸⁸ The CPRC has also found that identifying customer problems and incorporating these insights into the design of systems and products is a key element of creating systems and processes that support consumer trust in the market.⁸⁹ The impact of inclusive design can be significant, reaching and benefiting up to four times as many consumers as intended and leading to broader financial, economic and social benefits.⁹⁰

4.5.2 Stakeholder views

Origin, AGL and AEC note in their responses to the draft Guideline that it will be onerous for retailers to regularly conduct their own testing on bill design.⁹¹ EnergyAustralia queried how testing responses would be prioritised if results contradicted the tiered approach.⁹²

4.5.3 AER position

Inclusive design helps ensure that bills are easy to comprehend for an increased number of consumers and that a diversity of small customers can interpret and utilise billing information, noting consumers are not homogenous and use bills for many different purposes.

Regular testing of bills with small customers and gaining feedback from small customers as to preferences for bill styles will help keep bills easy to understand over time. By doing so, retailers will ensure bills are increasingly tailored to their audience, promoting clarity and comprehension and building trust among consumers in retailers and the energy market. Retailers are not limited to conducting their own research and may achieve compliance with this design principle by drawing on existing research.

Regulatory sandboxing will enable the trial of new products and services that will deliver greater choice and cheaper energy options for consumers.⁹³ The AER encourages retailers to consider using the use of sandbox trials to test innovative bill design. This could be a mechanism for retailers to test alternative design and placement of items with customer segments.

⁸⁷ PwC Australia, [The benefit of designing for everyone](#), Centre for Inclusive Design website, March 2020.

⁸⁸ PwC Australia, [The benefit of designing for everyone](#).

⁸⁹ CPRC, [Building customer trust: a principles and practice guide](#), CPRC website, June 2017.

⁹⁰ PwC Australia, [The benefit of designing for everyone](#).

⁹¹ AEC draft Guideline submission; AGL draft Guideline submission; Origin Energy, [Submission to the draft Better Bills Guideline consultation](#), AER website, 1 February 2022 ('Origin draft Guideline submission').

⁹² EnergyAustralia draft Guideline submission.

⁹³ AER, [Regulatory sandboxing](#), AER website.

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The AER will continue to monitor research developments and will consider findings during any further Guideline review processes.

5 Requirement to present billing information using a tiered approach

Stakeholder submissions, existing literature and research, and BETA's research agree that consumers are not homogenous and use bills for different purposes, at different times. Acknowledging this diversity and drawing on recent insights, our Guideline introduces a tiered approach to billing information, which aims to first and foremost make it easy for consumers to access essential billing information, while also ensuring consumers have access to the information they need.

5.1 Research

Research shows the value of including all relevant information on a bill, although not all of this information is equally important.

The CPRC reports a lack of clear and accessible information acts as a barrier to market engagement, resulting in poor consumer outcomes.⁹⁴ Other research demonstrates that separating information from the rest of the bill adds 'friction costs' by increasing the effort required to access the information, with detrimental effects on consumer comprehension and behaviour. For example, in the BETA research, putting billing information behind a link reduced comprehension by 21–22 percentage points.⁹⁵ Similarly, research for the European Commission and by BIT in Australia have both demonstrated the impact of friction costs on consumer behaviour in the energy market.⁹⁶

Research also shows that consumers may mistrust bills that lack sufficient detail.⁹⁷ Detailed billing information can provide consumers with a sense of reassurance that the bill is correct, and a sense of empowerment that they can effectively query their bill if it is unexpectedly high.⁹⁸ As a result, consumers in our research overwhelmingly reported a preference for comprehensive billing information, even if they don't always use or understand this information.⁹⁹

However, it is not clear whether this stated preference aligns with actual responses. For example, despite this stated preference, energy ombudsman schemes report customers' questioning of explanatory bill information and bill concerns is the underlying cause of most complaints, constituting over 45% of calls in 2019–20.¹⁰⁰ In addition, international research

⁹⁴ L Solomon and B Martin-Hobbs, [Five preconditions of effective consumer engagement – a conceptual framework](#).

⁹⁵ BETA, [Improving energy bills: final report](#)

⁹⁶ BIT, [Final report: BIT review of the Benefit Change Notice for the Australian Energy Regulator](#), AER website, June 2018; Ipsos-London Economics-Deloitte consortium and European Commission, [Consumer study on 'precontractual information and billing in the energy market – improved clarity and comparability': final report](#), Publications Office of the European Union website, June 2018.

⁹⁷ S Roberts and W Baker, [Towards effective energy information: improving consumer feedback on energy consumption: a report to Ofgem](#), Centre for Sustainable Energy website, July 2003.

⁹⁸ AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#); BETA, [Improving energy bills: final report](#), p 33.

⁹⁹ AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#); BETA, [Improving energy bills: final report](#), p 33; Hall & Partners, [Australian Energy Regulator small to medium business owners Better Bills Guideline research: report](#).

¹⁰⁰ AER, [State of the energy market 2021](#), AER, p 283.

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has found that increasing the complexity and volume of billing information does not increase consumer engagement as measured by switching rates.¹⁰¹ Our BETA research found that most consumers use their energy bills to:

- find out how much to pay
- find out how much energy they have used
- check how their bill was calculated
- find information about their energy plan.¹⁰²

Similarly, a report commissioned by Ofgem finds that, on receipt of a bill, consumers want to know, and expect to be able to establish quickly, how much to pay and when to pay it.¹⁰³ Research by Ofgem and the European Commission also found that many consumers do not go beyond looking for information that will support these key actions.¹⁰⁴ In the EU, 17% of consumers only look at their energy bill to find out how much they need to pay and when, and only 34% of consumers look at their bill for longer than 2 minutes.¹⁰⁵ Similarly, Ofgem references supplier research which found, on average, consumers spend only 20 seconds reading their bill.¹⁰⁶

Some research has found that including more information on a bill can cause cognitive overload and confusion.¹⁰⁷ Additional information can complicate engagement, by detracting from the key information consumers want to understand, thereby making it harder for consumers to undertake the key actions required on receipt of a bill.¹⁰⁸ Overwhelming consumers with information can mean important messages get lost and complicate consumers' primary use of energy bills.¹⁰⁹

Existing research broadly agrees that information on the amount due, billing period, due date, how to pay, and discounts that have been applied should be prioritised.¹¹⁰

Our BETA research also tested different formats for a detailed charges table showing a breakdown of customers' costs and how the amount due was calculated, finding no

¹⁰¹ Ipsos-London Economics-Deloitte consortium and European Commission, [Consumer study on 'precontractual information and billing in the energy market – improved clarity and comparability': final report](#), p 107.

¹⁰² BETA, [Improving energy bills: final report](#), p 19; Ipsos-London Economics-Deloitte consortium and European Commission, [Consumer study on 'precontractual information and billing in the energy market – improved clarity and comparability': final report](#).

¹⁰³ Ofgem, [Price Increase Notification Letters, Summary Box on Bills, Tariff Information Labels and Annual Statements: research report by SPA Future Thinking](#), Ofgem website, 26 October 2011.

¹⁰⁴ Ofgem, [Price Increase Notification Letters, Summary Box on Bills, Tariff Information Labels and Annual Statements: research report by SPA Future Thinking](#), p 50; Ipsos-London Economics-Deloitte consortium and European Commission, [Consumer study on 'precontractual information and billing in the energy market – improved clarity and comparability': final report](#).

¹⁰⁵ Ipsos-London Economics-Deloitte consortium and European Commission, [Consumer study on 'precontractual information and billing in the energy market – improved clarity and comparability': final report](#); pp 125–127.

¹⁰⁶ Ofgem, [Final Decision: Domestic supplier-customer communications rulebook reforms](#), Ofgem website, 17 December 2018, p 37.

¹⁰⁷ BEUC (Bureau Européen des Unions de Consommateurs), [Energy billing: Landscape report and summary of good practice \(BEUC input to the Consumer Friendly Energy Bill Initiative\)](#), BEUC, May 2017.

¹⁰⁸ Citizens Advice, [Against the Clock: Why more time isn't the answer for consumers](#), Citizens Advice, November 2016.

¹⁰⁹ Ofgem, [Final decision: Domestic supplier-customer communications rulebook reforms](#), p 37.

¹¹⁰ BEWorks, [Best practices for bill design](#), p 21; BETA, [Electricity Information to fit the bill](#), p 20.

particular design improved customers' comprehension.¹¹¹ However, BETA did find this information was important to consumers.¹¹²

5.2 Stakeholder views

There was support for the tiered approach however many energy businesses expressed concerns in relation to duplication through the tiers. Retailers raised specific concerns that the plan summary requirements duplicated the understand your bill section, including the tariffs and rates.¹¹³

Retailers also raised concerns that the tiering approach was restrictive and limited their flexibility to innovate on bill layout.¹¹⁴ Retailers also noted that the tiering did not capture certain jurisdictional billing requirements as discussed at 7.3.3 below.¹¹⁵

Telstra, Red Energy/Lumo Energy and Momentum¹¹⁶ agreed in their submissions to the draft Guideline consultation that the NMI ought to be removed from Tier 1 and instead suggested placing NMI generally in Tier 2 information or grouped with the understand your bill section.

In relation to the understand your bill section, Energy Australia and Origin¹¹⁷ stated that the Guideline should reflect the current NERR requirements for the start and end meter rules values on small customer bills, which provides that previous and current reads do not apply to interval meters unless the information is reasonably available.¹¹⁸

Consumer groups considered that some changes should be made to the tiered approach.

Council on the Ageing (COTA) advocated for 'additional information' such as events/best deals from non-energy market partners, to be omitted from bills and instead provided in separate correspondence.¹¹⁹ Additionally, COTA indicated that the following information should be included in Tier 1:

- GST and currency type included alongside the amount due
- Operating hours for assistance phone numbers
- A telephone number for EME

¹¹¹ BETA, [Improving energy bills: final report](#), p 3.

¹¹² BETA, [Improving energy bills: final report](#), p 46.

¹¹³ AEC draft Guideline submission; Alinta draft Guideline submission; EnergyAustralia draft Guideline submission; Momentum, [Submission to the draft Better Bills Guideline consultation](#), AER website, 31 January 2022 ('Momentum draft Guideline submission'); Origin draft Guideline submission; Powershop draft Guideline submission; Red Energy/Lumo Energy, [Submission to the draft Better Bills Guideline consultation](#), AER website, 31 January 2022 ('Red/Lumo draft Guideline submission').

¹¹⁴ ActewAGL, [Submission to the draft Better Bills Guideline consultation](#), AER website, 31 January 2022 ('ActewAGL draft Guideline submission'); Alinta draft Guideline submission; EnergyAustralia draft Guideline submission; Momentum draft Guideline submission; Powershop draft Guideline submission; Red/Lumo draft Guideline submission; Simply Energy draft Guideline submission; Tango Energy draft Guideline submission.

¹¹⁵ AEC draft Guideline submission; EnergyAustralia draft Guideline submission; Ergon Energy Queensland, [Submission to the draft Better Bills Guideline consultation](#), AER website, 31 January 2022 ('Ergon draft Guideline submission'); Momentum draft Guideline submission; Red/Lumo draft Guideline submission.

¹¹⁶ Telstra draft Guideline submission; Red/Lumo draft Guideline submission; Momentum draft Guideline submission.

¹¹⁷ EnergyAustralia draft Guideline submission; Origin draft Guideline submission.

¹¹⁸ NERR, sch 3, pt 4, r 8

¹¹⁹ COTA draft Guideline submission

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- Identification of customer's meter type (smart/interval/accumulation)¹²⁰

CPRC advocated for recategorising concessions information as Tier 1 so that hardship customers can see whether concessions have been applied instantly.¹²¹ Further, some consumer groups advocated for standardisation of Tier 1 location and layout on a bill to assist community workers and financial counsellors in efficiently locating key information.¹²²

DEM (SA) further advocated for the date for the next meter read to be included on the bill as per current NERR requirements and that 'shoulder or solar sponge tariff rates and usage' should be in Tier 2.

In relation to small business, COSBOA advocated for increased awareness of the EME service for SMEs.

Stakeholders provided feedback that while the inclusion of solar usage information may be useful to the consumer, the information is not available to the retailer.¹²³ The AEC requested this requirement be removed from Tier 2. Another retailer noted that customers can access this information through their solar inverters, with many now using web and app-based services for this function.¹²⁴

PIAC noted that energy-saving tips and benchmarking information should be included in Tier 2, rather than leaving this information open to retailers to include as 'additional information'. Origin Energy and Alinta Energy proposed that some additional information ought to be allowed on page 1/beginning of a bill.

AEC and Origin provided feedback that notification of estimated reading is in Tier 2, while information on how to conduct a customer self-read (or 'customer read estimate' as defined by rule 21(3A) of the NERR) is in additional information.¹²⁵

Further, some retailers¹²⁶ called for discretion to include some additional information to be included on the first page/beginning of a bill, for example COVID19 messaging.

5.3 AER position

In view of the research and stakeholder responses, the Guideline introduces a tiered approach to presenting billing information through an information hierarchy with three categories of billing information: Tier 1 information, Tier 2 information and additional information.

The tiered approach in the Guideline applies to the order and form of information presented in bills regardless of whether the bill is paper or electronic. The Guideline does not restrict retailers from providing billing information in communications beyond the bill, however this information must, at minimum, be included in a bill (see 9 below).

¹²⁰ COTA draft Guideline submission.

¹²¹ CPRC, [Submission to the draft Better Bills Guideline consultation](#), 31 January 2022 ('CPRC draft Guideline submission').

¹²² CPRC draft Guideline submission; PIAC, [Submission to the draft Better Bills Guideline consultation](#), 31 January 2022 ('PIAC draft Guideline submission').

¹²³ AEC draft Guideline submission; EnergyAustralia draft Guideline submission; Wattwatchers, [Submission to the draft Better Bills Guideline consultation](#), 31 January 2022 ('Wattwatchers draft Guideline submission').

¹²⁴ EnergyAustralia draft Guideline submission.

¹²⁵ AEC draft Guideline submission; Origin draft Guideline submission.

¹²⁶ Alinta draft Guideline submission; Powershop draft Guideline submission.

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The AER's approach is grounded in consumer research. The Guideline achieves the bill objective by including all billing information the AEMC contemplated as necessary for a small customer to understand their bill. This is done in a manner directly proportionate to the expected benefits that result from achieving the relevant part of the bill objective.¹²⁷ The tiered approach considers the need for protections for small customers by prescribing a list of key information in Tier 1 and explanatory material in Tier 2. Simultaneously, the AER enables innovation by allowing additional information, that must not detract from Tier 1 and Tier 2 information.¹²⁸

The tiered approach contributes to the achievement of the NERO by requiring information to be ordered by importance, allowing small customers to engage with their bill and access essential billing information. We consider the tiered approach will improve consumer confidence, promote engagement and improve competition, furthering the long-term interests of energy consumers under the NERO.¹²⁹

5.3.1 Tier 1

Tier 1 information is:

- (a) customer name and address of the premises to which the energy is being supplied as well as the customer's mailing address, if different
- (b) amount due and due date
- (c) bill issue date
- (d) payment methods
- (e) customer account number
- (f) National Metering Identifier (NMI) presented using the exact words 'National Metering Identifier (NMI)' followed by the small customer's NMI
- (g) a link to the Energy Made Easy website: www.energymadeeasy.gov.au
- (h) a deemed better offer message
- (i) retailer identifying information
- (j) a telephone number for the customer to
 - (i) make account enquiries and complaints
 - (ii) contact the relevant energy ombudsman
- (k) the name and telephone number of the relevant distributor for the customer to make fault inquiries and report emergencies
- (l) headings intended to assist a customer's understanding of prescribed Tier 1 information.

Example: A 'Need help?' heading may be included to assist a customer's understanding of the above telephone numbers.

Tier 1 is a list of bill information that must appear on the first page of a paginated bill (which is a printed bill or a bill in electronic form that is comprised of separate pages – such as a

¹²⁷ AEMC, [Final Rule](#), subrules 25A(4)(a)(iii), 25A(5)(b).

¹²⁸ AEMC, [Final Rule](#), subrule 25A(4)(a)(i)

¹²⁹ AEMC, [Final Rule](#), subrule 25A(5)(a)

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PDF bill) or at the beginning of an unpaginated bill (which is a bill in electronic form that is not comprised of separate pages).¹³⁰

We note retailers' calls for discretion to include what was categorised as 'additional information' under the draft Guideline at the beginning of the bill. This was so they could include important messages like COVID19 assistance and emergency information in the case of natural disasters. The AER has listened to this feedback and in the interests of consumers in emergency circumstances, the Guideline allows (section 31) for important messages related to natural disasters, pandemics and/or national emergencies to be included within Tier 1 at a retailer's discretion.

If a retailer wishes to include other messages within Tier 1, the retailer may apply to the AER for consideration. A new approval process is outlined at sections 33 and 34 of the Guideline. The AER expects that this process will be used in limited scenarios where retailers can provide evidence that including further information will promote the billing objective.

Furthermore, we have allowed in sections 37 and 39, for the AER to, from time to time, decide that other information can be included in Tier 1. We expect that these sections will be used rarely but may allow for additional messages as requested (but not legally required) by governments. The Queensland Government's electricity asset ownership dividend is one such example of this.¹³¹

Further, for clarity, the amount due ought to be the total amount due as at the time of issuing that bill. This is to reduce compounding credit where customers confuse details of credit as they are listed with similar proximity and prominence to the amount due. If a consumer is in credit, this should be detailed in the understand your bill section and the amount due should be \$0.00. Where a retailer offers a conditional discount, this may be reflected in the amount due, presentation of the due date, and understand your bill section.

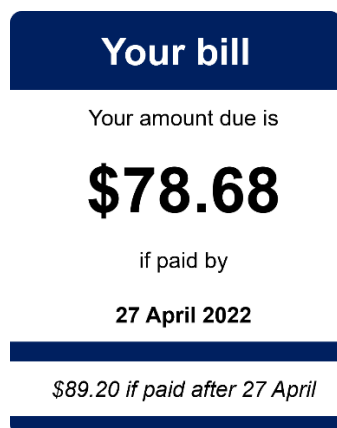


Figure 1 example of conditional discount presented in Tier 1

Additionally, payment methods should include all methods available to a small customer from their retailer to pay their bill, including Post Billpay barcodes.

¹³⁰ AEMC, [Final Rule](#), subrules 25A(3)(a) – payment amounts, dates and methods, 25A(3)(c)(ii) – comparing their customer retail contract with other energy offers available to them, 25A(3)(f) – how to report a fault or emergency.

¹³¹ Queensland Government, [Electricity asset ownership dividend](#), Queensland Government website, February 2022.

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In response to requested changes, we have decided not to implement the following items:

- We do not propose to move NMI as suggested. The NMI is needed for input into Energy Made Easy to compare plans.
- In relation to COTA's submission, the AER does not intend to provide a phone number alongside EME information as the functions performed by the EME website cannot be easily delivered over a telephone call. GST is included in Tier 2 in the understand your bill section to assist customers to rationalise their bill. The AER does not consider that including meter types or operating hours for assistance phone numbers is necessary to fulfilling the bill objective.
- We note the CPRC's feedback regarding concessions being promoted to Tier 1 information. However, we consider that limiting government funded energy charge rebate, concession or relief scheme information to the understand your bill section is presently a sufficient indicator for consumers in rationalising concessions/rebates/relief schemes applied to the bill.

5.3.2 Tier 2

Tier 2 information contains the understand your bill section, plan summary, usage comparison, helpful contacts and customer read estimate information. Tier 2 information follows Tier 1 and must be included in a bill, but not on the first page of a paginated bill or ahead of Tier 1 information on an unpaginated bill but must be ahead of additional information.¹³²

Tier 2 information is:

- (a) a plan summary
- (b) a summary of tariffs, charges and charging windows as applicable, which must be included in either the plan summary or understand your bill section
- (c) a breakdown of how the amount due was calculated (the understand your bill section), including by reference to the following (where applicable):
 - (i) billing period (date-to-date) and number of days
 - (ii) previous reading
 - (iii) current reading
 - (iv) usage, including but not limited to shoulder, peak or off-peak (for electricity, in kilowatt-hours (kWh) and for gas, in megajoules (MJ))
 - (v) rates/tariffs, in dollar figures
 - (vi) charges, in dollar figures
 - (vii) credits, in dollar figures
 - (viii) discounts

¹³² AEMC, [Final Rule](#), subrules 25A(3)(b) – how their bill is calculated and whether it conforms to their customer retail contract, 25A(3)(c)(i) – using energy efficiently, 25A(3)(c)(iii) – considering options for energy supply other than through the distribution system, 25A(3)(d) – how to dispute or raise a query in relation to their bill, 25A(3)(e) – how to access interpreter services and seek financial assistance.

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- (ix) any amount deducted, credited or received under a government funded energy charge rebate, concession or relief scheme or under a payment plan
 - (x) any GST
 - (xi) exports.
- (d) average daily usage and exports, in kWh or MJ (daily average)
- (e) if a bill was issued by the same retailer for the corresponding billing period in the previous year, the particulars of the customers' consumption in that previous billing period
- (f) contact details to enable a small customer to access
- (i) financial assistance
 - (ii) interpreter services (in community languages)
 - (iii) services for customers with hearing or speech impairments
- (g) whether the bill amount is based on metering data or on an estimation of the customer's consumption of energy. Where a bill amount is based on an estimation of the customer's consumption of energy, the bill must
- (i) state that the relevant amount is 'based on an estimation'
 - (ii) not use an abbreviation of this, for example the letter 'E'
 - (iii) include the guidance and requirements for a customer read estimate required under rule 21(3C) of the Retail Rules'.

5.3.2.1 Understand your bill

The AER is maintaining the understand your bill section. To alleviate some of the confusion around this section we have defined the factors that make up this section in Guideline. Furthermore, we have updated the understand your bill example. It is not to be taken as a template or the only mechanism to provide this information. Retailers should use this example as an impression of how to present applicable information, only. We expect that retailers, using the design principles, would produce in their bills an appropriate understand your bill section for the product and customer segment. BETA research suggested these tables support comprehension.

Understand your bill		1 March 2022 – 31 March 2022			
Electricity charges based on an actual meter reading					
	Previous reading	Current reading	Quantity	Rate	Amount
Supply charge			31 days	\$1.02 / day	\$31.62
Peak usage 6 am – 10 pm	20189	20704	515 kWh	\$0.29 / kWh	\$149.35
Off-peak usage 10 pm – 6 am	10093	10145	52 kWh	\$0.13 / kWh	\$6.76
GST (10%)					\$18.77
Usage discount (15%)					– \$25.76
Solar exports Feed-in tariff	8763	9226	463 kWh	– \$0.09 / kWh	– \$41.67
Low Income Household Rebate			31 days	– \$0.7808 / day	– \$24.20
TOTAL BILL					\$114.87
Balance carried forward					– \$36.19
TOTAL DUE					\$78.68

Figure 2 Example of understand your bill section

The following changes have been made to the understand your bill section from the draft:

- number of days is listed alongside billing period (date-to-date)
- included credit amounts in dollar figures
- removed solar usage
- streamlined ‘solar exports’ to ‘exports’
- moved average daily usage to Tier 2 information, but not specific to the understand your bill section
- retailers have choice to include a summary of tariffs, charges and charging windows, as applicable, in either plan summary or understand your bill section

We also note that the DEM (SA) proposed that the availability of hardship programs, payment plans, concessions and rebates should be upgraded to Tier 2 from additional information.¹³³ For clarity, the AER notes that government funded energy charge rebates, concessions and relief schemes are covered in the understand your bill section (Tier 2) and ‘contact details to enable a small customer to access financial assistance’ are in Tier 2.

5.3.2.2 Tariff information

Tariffs, charges and charging windows as applicable is Tier 2 information.

This information can be grouped with either the plan summary or understand your bill section. The charging windows are particularly useful for customers in making decisions about energy usage.

¹³³ DEM SA draft Guideline submission, p 2.

The draft Guideline previously required this information within the plan summary. The AER has provided greater flexibility for retailers in selecting where to include this information to minimise costs.

5.3.2.3 Plan summary

5.3.2.3.1 Research

In their research, BETA tested whether consumers' comprehension of bills improved where a plan summary with the following information was included:

- plan name
- expiry date
- NMI
- how the bill was calculated (discounts and peak and off-peak charging windows and rates).

BETA found that including a plan summary improved consumers' understanding of how their bill was calculated, with 74% of respondents also indicating they would value this information in their bill.¹³⁴ This finding reflected in the focus group results.¹³⁵ An earlier study in Europe also found that a best practice bill including a comparability box (with the tariff type and name, contract duration and expiry, actual and projected usage, and information needed to switch) increased both subjective and objective comprehension, including among potentially vulnerable consumers.¹³⁶

Broader research indicates that the benefits of including a plan summary will be maximised by ensuring the plan summary is presented consistently across bills. Standardising the terms and layout used in presenting plan information can lower cognitive switching costs for consumers by making it easier to compare plans.¹³⁷ A European study found that standardising the order and positioning of plan information increased the number of consumers correctly identifying the cheapest offer from 67% to 79%.¹³⁸

5.3.2.3.2 Stakeholder views

In responses to consultation conducted in September 2021, the ACCC, EnergyOn and Brighte Energy agreed a plan summary would help consumers to better understand their plan. PIAC suggested that, by providing clear information on bill calculation, a plan summary could improve transparency and consumer trust.¹³⁹

¹³⁴ BETA, [Improving energy bills: final report](#), p 11, p 24.

¹³⁵ AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#); Hall & Partners, [Australian Energy Regulator Better Bills Guidelines research: final report](#).

¹³⁶ Ipsos-London Economics-Deloitte consortium and European Commission, [Consumer study on 'precontractual information and billing in the energy market – improved clarity and comparability': final report](#), p 214.

¹³⁷ BETA, [Energy bill contents and bill requirements: literature review](#).

¹³⁸ Ipsos-London Economics-Deloitte consortium and European Commission, [Second consumer market study on the functioning of the retail electricity markets for customers in the EU: final report](#), Publications Office of the European Commission website, September 2016, p 89.

¹³⁹ ACCC (Australian Competition and Consumer Commission), [Submission to Better Bills Guideline consultation](#), 22 September 2021 ('ACCC consultation submission'); Energy On, [Submission to Better Bills Guideline consultation](#), 22

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However, consultation on the draft Guideline elicited key insights into the potential costs incurred by retailers if a standardised plan summary was required per Tier 2 of the draft Guideline. We received confidential costing information from several retailers and the AEC commissioned a report which provided aggregated cost data. Seven out of eight retailers were able to provide data in relation to the cost of implementation of the plan summary which revealed an aggregated range between \$200,000 to \$1,750,000.¹⁴⁰ The average implementation cost was approximately \$1,100,000.¹⁴¹ This data was obtained from retailers of varying sizes however size was not a factor in cost. Rather, the most significant impact to cost was the existence and capability of current billing systems to cater to change.¹⁴²

5.3.2.3.3 AER position

The AER maintains that there is merit in including a plan summary requirement. In principle, we consider that the plan summary makes it easier for consumers to understand their plan and also compare their plan when considering switching retailer.

The AER has proposed a plan summary that deviates from the plan summary proposed in the draft Guideline. The plan summary does not prescribe the inclusion of tariff and charges information, and instead, pursuant to section 41(b) of the Guideline, provides that retailers must include tariffs, charges and charging windows in either the plan summary or understand your bill section. Charging windows might be labelled the 'peak' window, 'shoulder' window, or 'off-peak' window, for example.

However, we recognise the concerns raised by retailers regarding balancing the costs of introducing the plan summary requirement against the potential benefits for consumers. We believe some of the costs can be alleviated by making the plan summary a high-level snapshot of the plan that the customer signed up to.

Additionally, we recognise that retailers may have contracts that roll over and retain benefits, thereby making the inclusion of a benefit 'expiry' redundant. For clarity, the benefit expiry date is to be included in the plan summary only where applicable to the customer's plan.

In relation to benefit type, this may include, for example, guaranteed discounts, usage discounts or certain inclusions embedded within a small customer's plan. It is at the retailer's discretion how to present benefit type, for example, written in a sentence or using a dollar figure.

Further, we note that the renewable sources and carbon offsets may not be embedded within some customers' plans. Therefore, we reiterate that this information need only be included when it is a characteristic of a customer's plan. To alleviate confusion, we also note that inclusion of GreenPower percentages is the kind of information that is appropriate here.

September 2021 ('Energy On consultation submission'); Brighte Energy, [Submission to Better Bills Guideline consultation](#), 22 September 2021 ('Brighte Energy consultation submission').

¹⁴⁰ Seed Advisory, [Better Bills Guideline – retailer cost analysis: report for Australian Energy Council](#) ('Retailer cost analysis'), Australian Energy Council website, February 2022.

¹⁴¹ Seed Advisory, [Retailer cost analysis](#).

¹⁴² Seed Advisory, [Retailer cost analysis](#).

Summary of your plan

EnergyCo Simple Saver

Your plan includes 15% usage discount
(expires 31 March 2023)

Your plan includes 20% GreenPower

Figure 3 Example of plan summary

5.3.2.4 Other information

Tier 2 information also requires retailers to present:

- average daily usage
- comparison with previous year (if applicable)
- information and guidance in line with rule 21(3C) of the NERR on how to conduct a customer read estimate in Tier 2 in the interest of logically grouping this information
- contact details for financial assistance, interpreter services and services for customers with hearing and speech impairments

5.3.3 Additional information

Additional information is further information that retailers may elect to include in bills, provided it follows Tier 1 and Tier 2 information and is compliant with the remainder of the Guideline including the design principles.

Retailers have flexibility to include additional information other than information classified as Tier 1 or Tier 2 information in a bill, provided this information:

- is not included on the first page or ahead of Tier 2 information on a paginated bill
- is not included ahead of Tier 1 and Tier 2 information on an unpaginated bill
- complies with the remainder of the Guideline including the design principles.

Information pursuant to section 25(2) of the NERR – amounts billed for goods and services other than the sale of energy – is considered additional information, prescribed at section 21 of the Guideline. Other information such as detailed meter information can be included in additional information sections, after Tier 1 and Tier 2 information.

We have considered the current bill content requirements outlined in repealed rule 25(1) and balanced consumer needs and preferences with the benefits of a simplified regulatory framework and bills. The Guideline therefore confines specific information to Tier 1 and Tier 2 as this information is seen to be the most important to bill comprehension and to fulfill the purpose of the bill as a request for payment. Further, Tier 1 information is appropriately limited to ensure prominence is given to this information and is not overshadowed by additional information.

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We consider this information hierarchy is a proportionate approach to achieving the bill objective, balancing the variety of ways that consumers use energy bills while enhancing customers' understanding. In doing so, this will improve consumer confidence and promote engagement. We consider this will improve competition, furthering the long-term interests of energy consumers and the NERO.

6 Better offer

Part 4 of the Guideline requires retailers to include a better offer message on a small customer's bill.¹⁴³

In consulting on the draft Guideline, the AER sought perspectives on including a better offer requirement similar to the deemed best offer requirements prescribed by Victoria's *Energy Retail Code*. Concurrently, the AER commissioned BIT to conduct consumer testing on presentation and wording of better offer messaging.

In consideration of stakeholder perspectives provided on the draft Guideline and during the September 2021 consultation, as well as BIT's research findings, the Guideline includes a better offer requirement that is materially similar to Victoria's methodology. The better offer requirements provided by the Guideline differ from the Victorian requirements by adapting the prescribed wording of the message on bills to the NERL/NERR context.

6.1 Research

BETA's research found presenting consumers with bills including better offer information increased consumer intentions to compare or switch plans.¹⁴⁴ However, BETA also found that consumers do not primarily use their bills to compare alternative offers.¹⁴⁵

Qualitative research conducted by Monash University researchers on behalf of the CPRC and Essential Services Commission (Victoria) (ESC) indicates best offer information does help consumers identify whether they are on a disadvantageous tariff, and is particularly useful for third-party support workers such as financial counsellors.¹⁴⁶

However, Monash University also finds consumers generally distrust and are unaware of best offer messages. This is attributed to variability in the presentation of best offer information, including a lack of prominence. The effectiveness of best offer information can also be undermined by retailers inadvertently or deliberately creating significant switching costs (e.g. complex switching process that take half an hour or more with a customer support worker calling a retailer with the customer).¹⁴⁷

The CPRC shared insights from their outreach work (where they have been working with over 2,500 consumers who live in Victoria housing estates to help them access the Power Saving Bonus) in response to the draft Guideline, where their outreach team suggested that some consumers disregarded best offer messaging as marketing rather than a regulated price disclosure mechanism.¹⁴⁸

Concurrently with the draft Guideline consultation, the AER sought consumer insights and engaged the BIT to test the presentation and wording of proposed better offer messages.

¹⁴³ AEMC, [Final Rule](#), subrule 25A(3)(c)(ii) – comparing their customer retail contract with other energy offers available to them.

¹⁴⁴ BETA, [Improving energy bills: final report](#).

¹⁴⁵ BETA, [Improving energy bills: final report](#).

¹⁴⁶ CPRC draft Guideline submission.

¹⁴⁷ L Nicholls & K Dahlgren, [Consumer experiences following energy market reforms in Victoria: qualitative research with community support workers: final report](#), Essential Services Commission website, 22 June 2021, p 31.

¹⁴⁸ CPRC draft Guideline submission.

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BIT conducted qualitative and quantitative behavioural testing of a set of proposed better offer messages in February–March 2022. BIT found there was ‘no clear winner’ in terms of the best way to word the message, with no statistically significant differences between ‘pay less’ and ‘save money’ for those not on the best plan. However, BIT found some ways to present and frame the message were slightly more preferred by those interviewed and surveyed. Specifically, BIT found evidence that the heading currently required by the ESC’s best offer message in Victoria (‘Could you save money on another plan?’) is more trusted and preferred by consumers than a tested alternative (‘Could you pay less on another plan?’).¹⁴⁹

BIT also found evidence that, where a consumer is currently on their retailer’s best offer, a message that uses a question heading (‘Could you pay less on another plan?’) and neutral text (‘Based on your past usage, you are on the best plan we can offer you’) is better understood by consumers and increases the salience of the message, as compared to an option that uses a statement heading (‘You’re on our best plan for you’) and affirmative text (‘Good news. Based on your past usage, you are on our best plan for you’).¹⁵⁰

Further, BIT found that a statement affirming that the better offer message is required by the government increases trust in and credibility of the message.¹⁵¹ There was also evidence that, while consumers were more likely to be familiar with, and trusting of, the message if it was required by the Australian Government, this is also more polarising in terms of trust. As such, a statement that focuses specifically on the role of ‘the Australian Energy Regulator’ is less polarising and also preferred in interviews to a more generic alternative referencing ‘the Australian Government’.¹⁵² This aligns with findings from BIT’s earlier research for the ACCC on communicating the reference price, which also found that consumers prefer the greater specificity of the AER over a generic reference to ‘the government’.¹⁵³

6.2 Stakeholder views

Stakeholder perspectives were mixed in response to the draft Guideline’s proposed alignment with the Victorian best offer requirements.

Consumer groups and the DEM (SA) were largely supportive of including better offer requirements.¹⁵⁴ The CPRC noted that consideration should be given to presenting the better offer message in neutral colours to avoid consumers believing it to be a marketing message rather than a government requirement. The DEM (SA) considered that alignment with the Victorian method of best offer would mitigate cost to serve. PIAC advocated for better offer information to be ‘clear, plain, prominent, and consistently phrased/positioned, and should take into account both usage and payment history’. PIAC, jointly with the Ethnic Communities Council of NSW and Physical Disability Council of NSW, submitted to

¹⁴⁹ BIT, [Testing the better offer notice on energy bills](#), p 22.

¹⁵⁰ BIT, [Testing the better offer notice on energy bills](#), p 25.

¹⁵¹ BIT, [Testing the better offer notice on energy bills](#), p 31–32.

¹⁵² BIT, [Testing the better offer notice on energy bills](#), p 30.

¹⁵³ BIT, [Testing comprehension of the reference price](#).

¹⁵⁴ CPRC draft Guideline submission; PIAC draft Guideline submission; DEM (SA) draft Guideline submission; COTA draft Guideline submission.

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September 2021's consultation that better offer information would add transparency and legitimacy to a bill, and could prompt market engagement.¹⁵⁵

COTA Australia advocated for transparency about the costs of switching plans, which is a sentiment echoed by members of our working group as changing plans/tariffs may incur fees/additional costs which could outweigh the potential benefit of receiving a better offer.

Sydney Alliance, in response to September 2021's consultation, suggested that better offer information should be accompanied by prompts to compare providers (e.g. EME and the importance of shopping around with other retailers).¹⁵⁶

Retailers noted that there would be material costs to implement and maintain the proposed better offer methodology, although some recognised that alignment with a better offer methodology already in use within the NEM could mitigate costs.¹⁵⁷ In response to September 2021's consultation, Tango Energy suggested that including better offer would be a step forward in harmonising the national and Victorian frameworks, which would reduce costs to serve across jurisdictions.¹⁵⁸ ActewAGL said that the ACT approach was preferable as, while alignment with the Victorian approach would reduce cost to serve for Tier One and Victorian retailers, it is likely to increase costs for other retailers.¹⁵⁹ ActewAGL further stated that the model adopted in the ACT Code achieves a similar outcome at a lower cost to retailers and customers.¹⁶⁰

The AEC provided aggregated figures in relation to the proposed better offer methodology in the draft Guideline, citing \$550,000 on average for implementation with a range of \$200,000 to over \$1,000,000.¹⁶¹

AGL and EnergyAustralia highlighted the findings of the *Victorian Energy Market Report 2020–21* that the number of customers not on the best offer is increasing.¹⁶²

Red Energy/Lumo Energy made note that the proposed better offer methodology does not account for non-financial benefits associated with retailer plans.¹⁶³

Some regulators are subject to regulated price caps. Ergon Energy noted that because of price regulation, Ergon Energy Retail is not currently permitted to offer discounted plans to energy consumers, and therefore a better offer message will have limited consumer benefit. Ergon Energy stated that the better offer requirement should be limited to jurisdictions with price deregulation.¹⁶⁴

¹⁵⁵ PIAC/ECCNSW /PDCNSW consultation submission.

¹⁵⁶ Sydney Alliance consultation submission.

¹⁵⁷ Energy Australia draft Guideline submission; Telstra draft Guideline submission.

¹⁵⁸ Tango Energy, [Submission to Better Bills Guideline Consultation](#), 21 September 2021 ('Tango consultation submission').

¹⁵⁹ ActewAGL draft Guideline submission.

¹⁶⁰ ActewAGL draft Guideline submission.

¹⁶¹ AEC draft Guideline submission; Seed Advisory, [Retailer cost analysis](#).

¹⁶² AGL draft Guideline submission; EnergyAustralia draft Guideline submission.

¹⁶³ Red Energy/Lumo Energy draft Guideline submission.

¹⁶⁴ Ergon draft Guideline submission.

6.3 AER position

The AER believes a well-designed better offer requirement would benefit consumers and foster competition. Better offer information would help consumers to understand the competitiveness (or otherwise) of their energy plan. Delivering this information in a convenient location for a customer (such as on a bill) and in a standardised, comparable way could reduce the friction and cognitive burden required for market engagement, ultimately encouraging consumers to engage in the market and improving competition.

The better offer requirement is likely to contribute to the achievement of the NERO by promoting customer engagement and competition through comparing and switching plans, which is in the long-term interests of customers.¹⁶⁵ Further, the better offer should also assist in helping hardship customers or consumers experiencing vulnerability in being made aware of cheaper plans that may be better suited to their circumstances.¹⁶⁶

The better offer requirement incorporates standardised messaging which will promote trust and may prompt the customer to move to a better offer with the existing retailer.¹⁶⁷

A negative deemed better offer message (a message when you could be on a better offer):

- (a) must contain a title using the exact words ‘Could you save money on another plan?’
- (b) must contain the exact words ‘Based on your past usage, our’ followed by the name of the deemed better offer plan, followed by the exact words ‘may cost you up to’, followed by the dollar amount of the deemed better offer check result, followed by the exact words ‘less per year than your current plan.’
- (c) must contain the exact words ‘The Australian Energy Regulator requires us to include this information.’
- (d) where the deemed better offer is subject to conditions, may provide that conditions apply and set out the nature of those conditions
- (e) must contain clear and simple instructions on how to switch to the deemed better offer.

A positive deemed better offer message (a message where you are on the best available offer):

- (a) must contain a title using the exact words ‘Could you save money on another plan?’
- (b) must contain the exact words ‘Based on your past usage, you are on the best plan we can offer you.’
- (c) must contain the exact words ‘The Australian Energy Regulator requires us to include this information.’
- (d) must contain clear and simple instructions on how to compare other plans on Energy Made Easy.

The AER notes that many retailers currently trade in Victoria, and that aligning our methodology with the Victorian model should also help mitigate cost to serve for a large number of retailers. The AER is cognisant of the cost to implement better offer requirements

¹⁶⁵ AEMC, [Final Rule](#), subrule 25A(5)(a).

¹⁶⁶ AEMC, [Final Rule](#), subrule 25A(5)(b)

¹⁶⁷ AEMC, [Final Rule](#), subrules 25A(4)(a)(i), 25A(4)(a)(iv).

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and we have considered the figures from Seed Advisory's report prepared for the AEC.¹⁶⁸ The AER considers that the Seed Advisory analysis suggests that there are cost mitigation benefits from adopting the Victorian approach given the investment that retailers have already made in systems to accommodate the better offer in that state. As we have consulted on the Victorian approach and received costing in relation to the Victorian methodology, we have closely aligned the Guideline with the Victorian method in favour of the ACT method.

Section 51 of the Guideline provides that a retailer must provide a better offer message on a bill at least once every 100 days or, if the agreed billing cycle between a retailer and a small customer is greater than 100 days, issued in alignment with that agreed billing cycle. This requirement aligns closely with the Victorian best offer messaging which is required once every three months for electricity or once every four months for gas. Requiring the message once every 100 days, or in alignment with a billing cycle greater than 100 days, ensures that enough time passes between billing cycles to capture accurate data for the better offer calculation and section 43(a) of the Guideline aligns with the billing cycle prescribed by rule 24(1) of the NERR).

Further, AER testing supported a requirement for a compulsory message that the better offer is required by a government agency, and therefore the Guideline requires a sentence that the message is required by the Australian Energy Regulator. This will promote trust in the message and differentiate it from marketing messaging.

Section 56 of the Guideline makes an exemption for customers who receive a single bill in respect of the sale and supply of energy at two or more premises, which is in alignment with the Victorian best offer method.

In response to the concerns raised by Ergon Energy, the AER has amended the Guideline to exempt Ergon Energy from providing a better offer message on their bills. As a non-competitive retailer in a regulated market (with prices set by the Queensland Competition Authority), they are not legally able to offer small customers any price/contract other than the standing offer (including an offer below the standing offer), or discounted plans. As such, there is limited benefit in requiring Ergon to be subject to the better offer requirement when it has no capacity to provide a better offer (see section 57 of the Guideline).

In performing the deemed better offer check, retailers must use the customer's smart meter data when it is available or use 'reasonable endeavours' to undertake a review of the small customer's usage in a way that will achieve the purpose of the better offer obligation. 'Reasonable endeavours' has been defined by the High Court as 'what is reasonable in the circumstances'.¹⁶⁹

For clarity, the deemed better offer check result must be calculated by taking the annual total cost of the current plan, applying discounts related to goods or services received through the plan, less the annual total cost of the deemed better offer, without applying discounts related to goods or services received through the plan. This is to ensure that, if the cost of a product

¹⁶⁸ Seed Advisory, [Retailer cost analysis](#).

¹⁶⁹ *Electricity Generation Corporation v Woodside Energy Ltd* *Woodside Energy Ltd v Electricity Generation Corporation* [2014] HCA 7 at 41.

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is embedded within the cost of the plan, this cost is taken into consideration when calculating the deemed better offer.

Additionally, better offer requirements apply to unmetered supply customers. A retailer may have multiple unmetered supply products suitable to a small customer's requirements and available to compare with a better offer calculation.

The required better offer message closely aligns with the Victorian model. While requiring retailers to incur additional costs, better offer messages offer all customers, including vulnerable/hardship customers, clear messaging on how they can save money. An on-bill better offer message has been shown to increase consumer intentions to compare or switch plans,¹⁷⁰ and surveys conducted by BETA revealed consumers 'would love to see if there was a different plan available that would potentially save [them] more money' and value 'advice as to whether a less expensive deal/plan is available to [them]'.¹⁷¹ The AER maintains that these benefits outweigh the costs and that the costs, even if passed onto consumers, are a permissible by-product of strengthened consumer protections for small customers.¹⁷²

¹⁷⁰ BETA, [Improving energy bills: final report](#).

¹⁷¹ BETA, Improving energy bills [data set], unpublished, August 2021.

¹⁷² AEMC, [Final Rule](#), subrules 25A(4)(a)(i), 25A(4)(ii), 25A(4)(a)(iii).

7 Implementation

7.1 Implementation costs and timeframes

The AER is required to make the final Guideline by 1 April 2022. The Final Rule allows the AER to specify different commencement dates for different provisions in the final Guideline from 4 August 2022, provided all guideline provisions commence by 31 March 2023.¹⁷³

7.1.1 Stakeholder views

In consulting on the draft Guideline, we sought views on the risks and challenges of transitional arrangements to implementation of the Guideline, with full compliance for all parts of the Guideline required by 31 March 2023.

Energy businesses appreciated the AER's proposed transitional implementation timeframe to afford retailers the maximum amount of time for compliance with the Guideline under the AEMC Final Rule. Retailers noted that this transitional approach would reduce cost to serve, allowing retailers to plan their approach in applying the draft Guideline, inform customers of the changes they can expect¹⁷⁴ and undertake system testing of new bill designs.¹⁷⁵

However, while Tango Energy noted that the transitional implementation was preferable, ActewAGL, AGL, Alinta Energy, Aurora Energy, Ergon Energy, Momentum and Tango Energy submitted that the timeline was still too short to make the changes proposed by the draft Guideline. Therefore, some suggested that the AER consider reasonable flexibility around full compliance by 31 March 2023.¹⁷⁶ ActewAGL, AGL, Alinta Energy, Aurora Energy, Ergon Energy, Momentum and Origin noted that they would need to utilise significant resources to comply with the Guideline, specifically citing cost, gaining access to vendors that support billing systems, making changes to or replacing billing systems, designing and testing a range of new bill formats, and needing to comply with other requirements including the consumer data right and five minute settlement.¹⁷⁷

The AEC provided estimated aggregated figures from eight retailers in relation to implementation and ongoing costs of the draft Guideline. It should be noted that not all retailers were able to provide details for all cost-related questions, outliers were omitted and the assumptions that each participating retailer based these estimates on are unknown. The report found that the total average cost of implementation of the draft Guideline is estimated at \$2,700,000 per retailer with a wide range around that average. In some instances the analysis was able to separate the large 'big 3' retailer costs from smaller retailer costs, indicating that large retailers experience higher cost than smaller retailers.¹⁷⁸ Costs from one

¹⁷³ *National Energy Retail Rules*, subrule 1(2), Part 16, Schedule 2.

¹⁷⁴ Red/Lumo draft Guideline submission.

¹⁷⁵ Tango draft Guideline submission.

¹⁷⁶ ActewAGL draft Guideline submission; Alinta draft Guideline submission; Aurora Energy, [Submission to the draft Better Bills Guideline consultation](#), AER website, 4 February 2022 ('Aurora draft Guideline submission'); Ergon draft Guideline submission; Momentum draft Guideline submission; Tango draft Guideline submission.

¹⁷⁷ ActewAGL draft Guideline submission; Alinta draft Guideline submission; Aurora draft Guideline submission; Ergon draft Guideline submission; Momentum draft Guideline submission; Origin draft Guideline submission; AGL draft Guideline submission.

¹⁷⁸ Seed Advisory, [Retailer cost analysis](#).

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retailer suggests that cost of implementation could be around \$1.50 per customer but this may not reflect all retailers costs. Ongoing costs were found to be around \$500,000 per annum per retailer to implement better offer requirements.¹⁷⁹

AGL, Alinta Energy and Origin Energy submitted that, in addition to initial implementation costs incurred through significant changes to retail billing systems, there would also be ongoing maintenance costs to ensure compliance.¹⁸⁰ Red Energy/Lumo Energy advocated for flexibility with the requirements of the draft Guideline to reduce cost to serve.¹⁸¹

Energy Consumers Australia (ECA) highlighted that the AER ought to balance a proven better bill for customers with cost to serve and advocated for insights into how much of the cost to serve was passed through to consumers.¹⁸²

7.1.2 AER position

The AER has considered retailers' concerns around costs, especially in relation to the plan summary and better offer requirements. We note that the AEMC Final Rule requires the AER to consider the cost for retailers of compliance with the Guideline and any resulting costs for small customers. The AER notes that some of the costs associated with complying with the plan summary and better offer requirements are likely to be passed on to customers.

The final Guideline has deviated from the draft with respect to the information required in the plan summary including flexibility in relation to presentation of tariff information. The AER considers that a less prescriptive version of the plan summary should reduce the costs to retailers of implementing this requirement. The final Guideline has also aligned the better offer approach with the current Victorian arrangements,¹⁸³ which supports a nationally consistent approach across NEM jurisdictions, other than in the ACT. The AER has retained the design principles, which provide retailers with flexibility around bill design.

We are bound by Schedule 2 of the AEMC Final Rule, which inserts Part 16 rule 1(2) in Schedule 3 of the NERR and provides that the AER may specify different commencement dates for different provisions in the Guideline, provided that all provisions in the Guideline commence by 31 March 2023. Our ability to provide flexibility extends to the transitional approach to implementation. The AER is conscious of concerns raised by retailers in relation to challenges that may arise in implementing the guideline by the 31 March 2023. The AER will work with retailers to explore these issues further and would be supportive of a rule change proposal to the AEMC for a short extension of that timeline if necessary.

The AER has also retained its proposed transitional arrangements to assist retailers in managing systems changes to meet the new billing requirements. Under these arrangements, retailers have the flexibility to comply with the new billing requirements or

¹⁷⁹ Seed Advisory, [Retailer cost analysis](#).

¹⁸⁰ AGL draft Guideline submission; Alinta draft Guideline submission; Origin draft Guideline submission.

¹⁸¹ Red/Lumo draft Guideline submission.

¹⁸² ECA (Energy Consumers Australia), [Submission to the draft Better Bills Guideline consultation](#), AER website, 1 February 2022, p 2 ('ECA draft Guideline submission').

¹⁸³ ESC (Essential Services Commission), [Building trust through new customer entitlements in the retail energy market: final decision](#), ESC website, 30 October 2018.

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maintain compliance with the existing NERR requirements, up to 31 March 2023. Under these arrangements:

- Part 1 (Application, commencement and interpretation), Part 3 (Contents of bills) and Part 4 (Better offer) commence on 4 August 2022
- Part 2 (Contents of bills – transitional requirements) commences on 4 August 2022 and expires, as if it were repealed, on 30 March 2023
- retailers must comply with Part 1 from 4 August 2022
- retailers may elect to comply with Part 3 and Part 4 from 4 August 2022 and must comply by 31 March 2023
- if a retailer elects not to comply with Part 3 for any period from 4 August 2022 to 30 March 2023, the retailer must comply with Part 2 for that period
- if a retailer elects to comply with Part 3 prior to 31 March 2023, they must notify the AER of this intention and provide the date from which they will be compliant with Part 3; from the date the retailer nominates they will comply with Part 3, the retailer cannot revert to complying with Part 2.

We understand that there will be costs involved for retailers to achieve compliance with the Guideline by 31 March 2023.

The AER considers that the Guideline has taken into account all of the elements of the bill objective contemplated by the AEMC and all considerations the AER had to take into account in developing the billing guideline. The AER has formulated a Guideline that best minimises costs while also maintaining consumer protections for small customers, including hardship customers.¹⁸⁴

7.2 Compliance

7.2.1 Stakeholder views

The Consumer Policy Research Centre (CPRC) noted in their response to the draft Guideline that releasing a ‘white label’ bill in a compliant format would assist new/smaller retailers in understanding the requirements of the Guideline and could act as a ‘benchmark for comprehension testing of retailers’ own bill designs’. We note a related request from Alinta Energy for the AER to provide feedback on bills to ensure changes to billing systems are compliant with the Guideline.¹⁸⁵

Simply Energy suggested the AER should take an educational and collaborative approach to compliance with retailers.¹⁸⁶

¹⁸⁴ AEMC, [Final Rule](#), subrule 25A(4)(a)(iii).

¹⁸⁵ Alinta draft Guideline submission.

¹⁸⁶ Simply Energy draft Guideline submission.

7.2.2 AER position

We note the request to provide retailers with a benchmark/example bill and the further related request for ongoing discussion with AER staff about whether bills are compliant prior to making changes to billing systems.

The AER will provide an illustrative example bill. The example bill should not deter retailers from engaging meaningfully with the requirements of the Guideline.

Interested parties may also peruse mock-up bills that were used in consumer testing for the Guideline, including the research by BETA, BIT, Hall & Partners and the Ethnic Communities Council of NSW.¹⁸⁷ However, these are not to be taken as compliant with the Guideline and only serve as a reference.

The AER will develop, diverse educative material (beyond example bills) to support compliance with the Guideline. We will also work with retailers and industry between now and March 2023 to promote and support compliance.

Other compliance options include auditing retailers, surveying consumers (potentially in partnership with other organisations) or running a ‘billing competition’ to understand which bills consumers find simple and easy to understand and whether bills adopt the design principles.

Additionally, this Notice provides reasons for the requirements in the Guideline to assist with interpretation and application of the Guideline. We appreciate that these requirements will give rise to changes in billing practices for retailers and, if we identify relevant issues through our compliance and enforcement work over time, we may consider providing ‘guidance’ or information on these issues.

7.3 Opportunities to simplify the retail market regulatory framework to reduce cost to serve

In line with the AER’s strategic priority to simplify the retail market regulatory framework to encourage effective competition and reduce cost to serve, we have assessed whether there are opportunities to simplify the current regulatory framework through the Guideline. We have sought stakeholder views on this on several occasions.¹⁸⁸

7.3.1 Current regulatory framework

In addition to current requirements in the NERL and NERR, we note the following current requirements or parallel developments are relevant:

¹⁸⁷ AER, [Better Bills Guideline behavioural and consumer research: targeted focus group findings: culturally and linguistically diverse consumers](#); BETA, [Improving energy bills: final report](#); BIT, [Testing the better offer notice on energy bills](#); Hall & Partners, [Australian Energy Regulator Better Bills Guidelines research: final report](#); Hall & Partners, [Australian Energy Regulator small to medium business owners Better Bills Guideline research: report](#).

¹⁸⁸ See, for example: AER, [Notice of Draft Instrument: draft AER Better Bills Guideline](#), AER website, 20 December 2021, pp 21–23; [Developing the Better Bills Guideline: consultation questions](#), AER website, 2 September 2021, pp 3–4 (we also sought retailers’ feedback on questions 5, 6 and 7 through a targeted email and did not receive any responses).

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- the AER's retail pricing information guidelines, which provide guidance to retailers on the presentation of standing offer prices and market offer prices to assist small customers to consider and compare prices offered by retailers¹⁸⁹
- the *Retail Electricity (Transparency and Comparability) Code* requirement for ACT retailers to include better offer information on bills (transitional arrangements currently in place; further arrangements coming into effect in July 2022)¹⁹⁰
- the NSW Department of Industry, Planning and Environment's *Electricity Infrastructure Fund policy paper*, which sought stakeholders' feedback on requiring NSW retailers to include costs of the electricity infrastructure roadmap on bills¹⁹¹
- DISER's recent consultation on the *Competition and Consumer (Industry Code – Electricity Retail Regulations) 2019: post-implementation review* seeking responses from stakeholders on whether expanding the use of the reference price (for example, including it on energy bills) would be useful¹⁹²
- development of the consumer data right for energy, which will enable consumers to authorise third parties to access and share their data to get a better deal¹⁹³
- amendment of the National Electricity Rules to change the settlement period for the electricity spot price from 30 minutes to 5 minutes, starting 1 July 2021, which requires updates to billing systems.

7.3.2 Stakeholder views

In consultation on the draft Guideline, some stakeholders pointed out that there were regulatory requirements from federal, state and territory jurisdictions for information to be included on energy bills that were not explicitly referenced in the draft Guideline or Notice of Draft Instrument.¹⁹⁴ For example, stakeholders noted the NSW requirement that a retailer must identify social programs for energy in bills issued to residential and on-supply customers that are eligible for a variety of rebates and the Energy Accounts Payment Assistance Scheme.¹⁹⁵

We further received feedback from Shell Energy on the treatment of ex-aggregated multi-site customers.¹⁹⁶ Shell Energy recommended that the AER exclude these customers from the requirements of the Guideline because these businesses may become ex-aggregated for a short period at the end of energy contracts and therefore fall temporarily into the category of a small customer, despite having energy consumption exceeding the upper threshold of a small customer when aggregated.

¹⁸⁹ AER, [Retail Pricing Information Guidelines 2018](#), AER website, April 2018.

¹⁹⁰ ICRC (Independent Competition and Regulatory Commission), [ACT Retail Electricity \(Transparency and Comparability\) Code](#), ICRC website, July 2021.

¹⁹¹ NSW DPIE (NSW Department of Industry, Planning and Environment), [Electricity Infrastructure Fund \(Part 7 of the Electricity Infrastructure Investment Act 2020\) policy paper](#), NSW DPIE website, September 2020, pp vii and 27.

¹⁹² DISER (Department of Industry, Science, Energy and Resources), [Competition and Consumer \(Industry Code – Electricity Retail\) Regulations 2019: post-implementation review](#), DISER website, September 2021.

¹⁹³ DISER, [Consumer Data Right for energy](#), DISER website, accessed 30 November 2021.

¹⁹⁴ AGL draft Guideline submission; Momentum draft Guideline submission; Red/Lumo draft Guideline submission; AEC draft Guideline submission; EnergyAustralia draft Guideline submission.

¹⁹⁵ NSW Government, [Gazette notice for amendment of the NSW Social Programs for Energy Code](#), NSW Government website, November 2021, clause A4.1.2.

¹⁹⁶ Shell Energy, [Submission to the draft Better Bills Guideline consultation](#), AER website, 31 January 2022.

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Some stakeholders noted, in relation to the proposed better offer requirement, that aligning the approach with requirements already in force in some NEM jurisdictions would mitigate cost to serve, particularly for retailers operating in Victoria.¹⁹⁷

Some retailers have submitted that the draft Guideline is additive to the current regulatory framework¹⁹⁸ and therefore does not achieve a reduction in regulatory burden.

AGL noted that stipulating where and how to display billing information will lead to higher costs, ultimately worn by consumers.¹⁹⁹ AGL further suggested that the draft Guideline does not take into account other regulatory obligations, including consumer data right and price change, end of benefit and end of contract requirements to provide information that relates to a customer's energy plan and enables EME comparisons.

7.3.3 AER position

As noted in 7.1.2, the AER has taken steps to balance the costs associated with complying with the Guideline, including amending our approach to the plan summary and aligning the better offer approach with the current Victorian arrangements to effectively implement a nationally consistent approach across NEM jurisdictions.

In response to comments raised by stakeholders on jurisdictional billing information requirements, the AER has introduced a specific exemption in the Guideline. This exemption enables retailers to insert information on bills as prescribed by state, territory or Commonwealth law (see sections 29 and 30 of the Guideline). Regulatory requirements can be placed in a location on the bill that is specified in legislation or, where the location is not specified, must otherwise be grouped logically within the bill. Examples of these other requirements include the 'ABN' and 'tax invoice' to be stated within Tier 1 in alignment with Commonwealth law. To the extent provided for in the Guideline, the Guideline is intended to be read alongside other regulatory requirements for billing information, allowing retailers to continue to satisfy these other requirements. Furthermore, we believe that this will address any future requirements that may be required, such as potential measures to promote transparency on energy bills for jurisdictional schemes.²⁰⁰

Further, the AER has revised the Guideline to take into account the specific concerns raised by Shell Energy. As outlined in section 7 of the Guideline, the Guideline does not apply to a business customer that is a carry-over customer, where the previous customer retail contract for the premises of that business customer was an agreement for aggregation of consumption at two or more business premises. We consider that it would not be beneficial for this customer to be subject to the Guideline for such a short period. Including them within the Guideline is unlikely to achieve the billing objective.

We note stakeholders' views that information required for consumer data right and information to be presented on bills may be materially the same. However, the purpose and use of bills is different to consumer data right. Bills are a key source of communication between retailers and small customers. Where small customers need to proactively engage

¹⁹⁷ DEM SA draft Guideline submission; ActewAGL draft Guideline submission.

¹⁹⁸ AGL draft Guideline submission; Alinta draft Guideline submission; Ergon draft Guideline submission.

¹⁹⁹ AGL draft Guideline submission.

²⁰⁰ Ausgrid, [Submission to the draft Better Bills Guideline consultation](#), AER website, 31 January 2022, p 1.

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to obtain information through consumer data right, a bill is readily on hand for all small customers. Further, small customers have differing levels of literacy when it comes to technology, so access to consumer data right-enabled information and services will be difficult for some customers. As such, research suggests that consumer data right will benefit engaged consumers by improving their ability to access, assess and act on information, but there will be limited benefit for vulnerable and disengaged consumers.²⁰¹

Therefore, we see that there is benefit in retailers providing information through both avenues. By ensuring information provided on bills remains comprehensive yet comprehensible, the AER is reinforcing consumer protections.²⁰²

The AER, beyond the Guideline, will undertake work to further simplify the regulatory framework. During 2022 we will undertake work to identify opportunities to simplify the retail regulatory framework to reduce cost to serve. We will engage retailers and consumer advocacy groups in this work. Separately, through 2022–23 we will also scope opportunities to simplify the AER's retail pricing information guideline. We will aim to ensure consistency and simplification across these aspects of the retail regulatory framework, to reduce cost to serve where possible.

In developing our Consumer Vulnerability Strategy, we are also advocating to simplify the regulatory framework, encourage effective competition and reduce cost to serve where possible. The Strategy is expected to commence from mid-2022.

²⁰¹ J Scranton, 'The consumer data right: right for competition in Australian retail energy markets?', *Competition & Consumer Law Journal*, 2020, 27(2):107–133.

²⁰² AEMC, [Final Rule](#), subrules 25A(a)(i) and 25A(a)(ii).

8 Monitoring and measuring the impact of the Guideline

In the December 2021 – January 2022 consultation on the draft Guideline, a number of stakeholders provided options to measure the impact or success of the Guideline, including:

- material change (reduction or increase) in internal (retailer) and ombudsman complaints relating to bill comprehension and bill shock²⁰³
- frequency of customer-initiated contacts relating to their energy bill²⁰⁴
- material reductions in costs to serve, net present value neutral in two years²⁰⁵
- real-world customer feedback on how easy the bill is to understand, awareness of how the bill was calculated, how to query a bill, availability and access of help, trust in the energy market, and understanding of ways to reduce energy bills (noting that any necessary period of adjustment to new bill formats should be considered)²⁰⁶
- behavioural outcomes such as switching, uptake of better offer and energy savings initiative.²⁰⁷

Several stakeholders also indicated that the AER should undertake a formal review of the Guideline,²⁰⁸ within two²⁰⁹ to three years²¹⁰ after full implementation (31 March 2023).

We propose to commence a review of the Guideline two years after full implementation, with review to take no longer than one year. We would seek insights from stakeholders on the costs and benefits passed onto consumers from implementing the requirements of the Guideline.²¹¹

²⁰³ AGL draft Guideline submission; Ergon draft Guideline submission.

²⁰⁴ AGL draft Guideline submission.

²⁰⁵ Ergon draft Guideline submission.

²⁰⁶ PIAC draft Guideline submission.

²⁰⁷ PIAC draft Guideline submission.

²⁰⁸ QCA draft Guideline submission; Simply Energy draft Guideline submission; Tango draft Guideline submission.

²⁰⁹ Tango draft Guideline submission.

²¹⁰ QCA draft Guideline submission.

²¹¹ AEMC, [Final Rule](#), subrules 25A(a)(ii).

9 Delivery of bills

The AEMC's final determination provides the AER with discretion to specify whether information of different types may be provided to a small customer by different delivery methods (including in separate documents or electronically) if the small customer has given its explicit informed consent to those delivery methods.²¹²

9.1 Research

Research undertaken by the ACCC in 2018 found that not all consumers are confident with or have access to the internet, rendering the provision of only electronic bills inappropriate.²¹³ Further, electronic billing is less prevalent among consumers experiencing financial difficulty and less educated consumers.²¹⁴ BETA research revealed only 15% of consumers clicked a link within an electronic bill to access further information. This cohort of respondents had lower comprehension than consumers who had all information on the bill.²¹⁵

9.2 Stakeholder views

In response to consultation on the draft Guideline, AGL considered that the AER had not provided any guidance on how these new obligations align with the rule 25A(6) – provision of different types of information may be provided by different delivery methods.²¹⁶ Aurora noted that there is some frustration from their customers as they receive email or paper bills but also have this info on their app.²¹⁷

In response to consultation held in September 2021, some stakeholders submitted consumers should be entitled to receive free paper bills, if they so choose.²¹⁸

9.3 AER position

In their final determination, the AEMC elected not to alter the current rules to require retailers to deliver free paper bills for all retail contracts.²¹⁹ However, we would encourage retailers to, as a matter of best practice, offer paper bills for all retail contracts, to ensure customers who cannot or choose not to communicate through online channels are not excluded from accessing competitively priced offers.

We consider that small frictions, such as clicking on a link to access further information, are a substantial deterrent to consumer engagement and reduce comprehension. Information delivered through these channels is therefore not easier for consumers to understand, and

²¹² AEMC, [Final Rule Determination](#).

²¹³ ACCC, [Restoring electricity affordability and Australia's competitive advantage: Retail Electricity Pricing Inquiry – final report](#), ACCC website, June 2018, p 287.

²¹⁴ ACCC, [Restoring electricity affordability and Australia's competitive advantage: Retail Electricity Pricing Inquiry – final report](#).

²¹⁵ BETA, [Improving energy bills: final report](#).

²¹⁶ AGL draft Guideline submission.

²¹⁷ Aurora draft Guideline submission.

²¹⁸ COTA consultation submission, p 6; CPSA, [Submission to Better Bills Guideline consultation](#), 22 September 2021, p 6; CPRC consultation submission, Attachment A, p 15.

²¹⁹ AEMC, [Final Rule Determination](#), p 25.

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would not achieve the bill objective or advance the long-term interests of consumers.²²⁰ At the same time, we acknowledge the benefits from innovation, competition and retail choice, and stakeholders' submissions that many consumers prefer to receive information through emerging communications channels.

The Guideline requires that specified information be included in a bill for a small customer, with the Guideline contemplating both paper and electronic bills. Retailers have discretion over whether to also deliver billing information to consumers through other channels (for example, a webpage, app or text message) if they have given their explicit informed consent to those delivery methods. However, at a minimum, billing information as detailed in Tier 1 and Tier 2 of this Guideline must be included in a bill prepared and issued in accordance with this Guideline.

²²⁰ AEMC, [Final Rule](#), subrules 25A(3) and (5).