

# Guidance on energy consumption benchmarks on residential customers' bills

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Australian Competition and Consumer Commission

GPO Box 3131

Canberra ACT 2601

or [publishing.unit@acc.gov.au](mailto:publishing.unit@acc.gov.au)

Inquiries about this publication should be addressed to:

Australian Energy Regulator

GPO Box 520

Melbourne VIC 3001

Tel: 1300 585 165

Email: [AERConsumerandPolicy@aer.gov.au](mailto:AERConsumerandPolicy@aer.gov.au)

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# 1 Introduction

Energy consumption benchmarks are designed to help customers manage their energy bills. Energy benchmarks enable customers to compare their household energy usage with similar households in their area and may highlight the potential for savings to be made by using less electricity and gas.

Under the *National Energy Retail Rules* (Retail Rules) the Australian Energy Regulator (AER) is required to update the electricity consumption benchmarks (electricity benchmarks) at least every three years from the publication of the previous benchmarks.<sup>1</sup> Retailers are required to include the electricity benchmarks on a residential customer's bill.<sup>2</sup>

Previous electricity benchmarks were developed in 2017 by ACIL Allen. In 2020 Frontier Economics were commissioned to update the electricity benchmarks, and to also develop gas consumption benchmarks on behalf of the AER. While not mandatory for retailers to display, the gas consumption benchmarks can provide customers a more complete understanding of their energy consumption, ultimately assisting them to make better informed choices about their energy usage.

This guidance document has been developed to assist energy retailers to understand the consumption benchmarking requirements of the National Energy Retail Law (Retail Law) and Retail Rules.<sup>3</sup> It explains the relevant requirements of the Retail Law in simple language and gives general information and examples. It is not a substitute for the Retail Law and Retail Rules. Retailers should consult the obligations in the Retail Law and Retail Rules, as well as the guidance contained in this document, when providing consumption benchmarks to their customers.

The AER may amend, update or revise this Guidance from time to time, particularly when updates to the benchmarks are made.

<sup>1</sup> Rule 169(5), National Energy Retail Rules

<sup>2</sup> Rule 170(1)(a), National Energy Retail Rules.

<sup>3</sup> Unless explicitly defined, terms used in this document have the meaning given in the Retail Law and Retail Rules. Terms not defined in the Retail Law and Retail Rules have their ordinary meaning.

## 2 Background

### 2.1 Energy consumption benchmarks 2020

The 2020 benchmarks are typical annual and seasonal consumption figures of residential electricity and gas usage in Queensland, New South Wales, the Australian Capital Territory, South Australia, Tasmania and Victoria. The methodology used to develop the benchmarks is detailed in the [2020 Benchmark Report](#)<sup>4</sup>.

#### 2.1.1 Electricity consumption benchmarks

As specified in rule 169(3) of the Retail Rules, the electricity benchmarks were developed based on:

- a) electricity consumption information received by the AER from distributors pursuant to rule 171 of the Retail Rules
- b) localised zones as determined and notified to the AER by the relevant jurisdictional Minister, and
- c) household size.

In 2020, the benchmarks also utilised consumption data from the Australian Energy Market Operator (AEMO).

#### 2.1.2 Gas consumption benchmarks

The 2020 gas benchmarks were developed based on:

- household size
- survey information on energy usage from gas and electricity small customers, and
- gas consumption information provided voluntarily from gas distribution network providers.

Distinct from the electricity benchmarks, the gas benchmarks are estimated at the state level.

## 2.2 Retailer obligations to display consumption benchmarks

A retailer must prepare a bill so that a small customer can easily verify the bill conforms to their customer retail contract, and for residential customers it must include the electricity benchmarks.<sup>5</sup>

<sup>4</sup> <https://www.aer.gov.au/retail-markets/guidelines-reviews/electricity-and-gas-consumption-benchmarks-for-residential-customers-2020>

<sup>5</sup> Rule 25(1)(o), *National Energy Retail Rules*.

Retailer obligations in relation to the presentation of electricity benchmarks are set out in rule 170 of the Retail Rules. Under rule 170(1) a retailer must provide:

- a) a comparison of the customer's electricity consumption against the electricity consumption benchmarks
- b) a statement indicating the purpose of the information provided with respect to those benchmarks, and
- c) a reference to Energy Made Easy.<sup>6</sup>

This information must be presented in a graphical or tabular form and in a way that is easy for the customer to understand.<sup>7</sup> Retailers may present the information in a space on the bill that is convenient for them.

It is at the discretion of retailers whether to provide gas consumption benchmarks on customer bills.<sup>8</sup> Retailers are encouraged to include the gas consumption benchmarks on gas customer bills to assist customers to make more informed choices about their household energy use and needs.

As Victoria has not adopted the National Energy Customer Framework, consumption benchmarks are not required to be presented on Victorian customer bills.

<sup>6</sup> Rule 170(1)(c) requires retailers to reference an energy efficiency website. For the purposes of rule 170(1)(c) of the Retail Rules an energy efficiency website is a website, containing information about electricity consumption benchmarks that is prescribed by the National Regulations and notified by the AER on its website. Energy Made Easy ([www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au)) will remain the required reference and is prescribed in the National Energy Retail Regulations (Retail Regulations).

<sup>7</sup> Rules 170(2) and (3), National Energy Retail Rules

<sup>8</sup> There is no legal requirement for retailers to include gas benchmarks on small customer bills.

## 3 Localised zones

A retailer must use the localised zone benchmark relevant to each customer's location.

With the exception of South Australia, the 2020 electricity benchmark data were calculated for the eight climate zones that were developed by the Australian Building Codes Board (ABCB)<sup>9</sup> and defined by reference to Local Government Areas. A retailer must use this localised zone benchmark relevant to each customer's location. Frontier Economics has defined the respective zones by postcodes.<sup>10</sup>

South Australia has adopted a different approach and nominated to use ten localised zones based on an extension to the National House Energy Rating Scheme. The 2020 electricity benchmarks were calculated for a tailored set of zones developed in that state.<sup>11</sup>

### 3.1 Managing new postcodes not allocated to a localised zone

For customers residing in a new postcode which is not yet allocated to a localised zone, the retailer should use the relevant electricity benchmark for the entire state or territory and localised climate zone applicable to the customer.

As noted in Section 6.1 Statement of Purpose, retailers could also highlight in their purpose statement that due to a customer residing in a new postcode, benchmarks for the entire state or territory have been used.

Where this occurs, the retailer should notify the AER to have the new postcode allocated to a localised zone. The AER will notify retailers when this occurs.

<sup>9</sup> ABCB climate zones <https://www.abcb.gov.au/Resources/Tools-Calculators/Climate-Zone-Map-Australia-Wide>

<sup>10</sup> The updated list of zones and postcodes is included in the 2020 Benchmark Report.

<sup>11</sup> The South Australian Minister elected to use ten localised zones, based on an extension to the National Home Energy Rating Scheme.

## 4 Displaying the most appropriate benchmark

### 4.1 Household size

Adding household size information makes the benchmarks more relevant to customers, as it is a key factor that drives the amount of electricity used. Frontier Economics has provided benchmark data for five categories of household sizes, ranging from a household size of one ('1') person, and then increasing by one person at a time, to a household size of five plus ('5+') people.

In displaying household size information, a retailer must have regard to the requirement that the electricity consumption benchmark information be presented in a way that is easy to understand.<sup>12</sup> Including four or five household sizes on the bill would be sufficient to allow most customers to identify with a particular household. Customers can then identify the relevant benchmark and compare that with their own electricity consumption.

Retailers that display fewer than the recommended number of household size benchmarks should ensure the benchmarks included allow customers to identify the relevant benchmark and compare their household use. That is, retailers may choose to display the two adjacent benchmarks that are most relevant to the customer's usage. For example, if the usage is just above the average usage of a two-person household, display the customer's usage between a two and three person household to demonstrate the customer's usage relative to the benchmark data (refer to Example 4 in section 7.3).

### 4.2 Using seasonal benchmarks

The use of seasonal benchmark information is recommended.<sup>13</sup> Information on customers' bills delineated by season is likely to offer customers a more meaningful basis of comparison, promoting informed decision making.

Retailers using seasonal benchmarks should include the benchmark that corresponds to the date the customer's meter was read (where the bill period is monthly), as it provides the best statistical fit with the data.

Where the bill period is across more than one season we recommend retailers use the benchmark that best reflects the period to which their customer's bill corresponds. For example, where the bill period includes two summer months and one month in autumn, retailers should include the summer benchmark data as this better reflects the customer's consumption during the bill period.

Retailers may choose to include benchmarks for more than one season on all customers' bills, provided they meet the requirement that the information be presented in a way which is easy for the customer to understand.<sup>14</sup> This will assist some customers to understand and identify how their electricity consumption changes with the seasons.

<sup>12</sup> Rule 170(3), National Energy Retail Rules

<sup>13</sup> The 2020 electricity benchmarks are adjusted for seasonality. The National Energy Retail Rules are silent on whether the benchmarks included on customers' bills must be seasonal.

<sup>14</sup> Rule 170(3), National Energy Retail Rules



A retailer who does not use the seasonally adjusted benchmark data as presented in the 2020 Benchmark Report must take appropriate measures to ensure the resultant benchmark allows a customer to compare their consumption accurately. The benchmark must be relevant and easy for customers to understand.<sup>15</sup>

### **4.3 Daily and total bill benchmarks**

The Retail Rules do not specify if the benchmark figures should be daily or total bill benchmark figures.

When deciding whether to use daily or total bill benchmark figures, a retailer may have regard to how often the customer is billed and the other consumption information provided on the bill (for example, their total consumption for the billing period or their average daily consumption over the period). This information will form the basis of the comparison the customer will make with the benchmark. If the customer is billed quarterly then it would be likely the quarterly figure would be easiest to understand.

If a customer is billed more frequently, it is likely the daily consumption benchmarks would be most accurate and easy for the customer to understand and compare. Rule 25(k) of the Retail Rules requires retailers to provide a customer's average daily consumption during the billing period. Therefore, in all cases, a customer would be able to compare their average daily consumption with the daily electricity benchmark. This may help retailers to satisfy the requirement that the electricity consumption benchmark information is presented in a way which is easy to understand.

<sup>15</sup> Rule 170(3), National Energy Retail Rules

## 5 Displaying gas benchmarks

Retailers are encouraged to include gas benchmarks on customer bills.<sup>16</sup> We consider it best practice, at least for single gas bills, to include the gas consumption benchmarks, which will be more informative to those customers and better explain their gas usage.

### 5.1 Household size

Similar to the electricity benchmarks, the AER has provided gas consumption benchmark data for household sizes ranging from one person to five persons.

Adding household size information makes the benchmarks more relevant to customers and enables them to identify the relevant benchmark and compare that with their own gas consumption. Including four or five household sizes on the bill would be sufficient to allow most customers to identify with a particular household. Retailers opting to display fewer than the recommended number of household size benchmarks should ensure the benchmarks included allow customers to identify the relevant benchmark and compare their household use.

### 5.2 Displaying seasonal benchmarks

The gas benchmarks developed by Frontier Economics are seasonal benchmarks. Retailers opting to include gas benchmarks on customer bills should present the data described by season to ensure a meaningful basis of comparison. How to select the most appropriate season to display is the same process as explained in Section 4.2.

<sup>16</sup> Currently there is no requirement for retailers to provide gas consumption benchmarks on customer bills.

## 6 Required statements and references

In addition to the requirement to include a comparison of the customer's electricity consumption against the electricity benchmarks in customers' bills, under rule 170(1) retailers must also include:

- a statement of purpose<sup>17</sup>, and
- a reference to Energy Made Easy<sup>18</sup>.

This information must be presented in a manner that is easy for the customer to understand.<sup>19</sup>

Retailers opting to include gas benchmarks should apply the same principles as those required for displaying electricity benchmarks.

### 6.1 Statement of purpose

At a minimum, the statement of purpose should detail:

- what the information shows, and
- why the benchmark information is included on the customer's bill.

Retailers may develop their own statement of purpose to satisfy rule 170(1)(b). However, a retailer must ensure the statement is easy for the customer to understand.

The statement of purpose should avoid technical language where possible. The statement of purpose should be expressed in a conversational tone to assist customer understanding.

The AER also suggests retailers use the statement of purpose to make it clear to customers that the benchmark is an average and individual usage is likely to vary.

The following statements are included as examples for retailers to use as their own statement of purpose, or in developing their own statements:

- *This information has been provided to help you compare your electricity use with other households in your postcode. Your household may vary from the estimated average due to individual circumstances.*
- *This information shows how your electricity use compares to the estimated average use for households in your postcode. Your household may vary due to individual circumstances.*
- *Compare your electricity use with estimated average use for households in your postcode. Your household may vary due to individual circumstances.*
- *How does your electricity use compare with other households in your postcode? Your household may vary from the estimated average due to individual circumstances.*

<sup>17</sup> Rule 170(1)(b), National Energy Retail Rules

<sup>18</sup> Rule 170(1)(c), National Energy Retail Rules

<sup>19</sup> Rule 170(3), National Energy Retail Rules

## 6.2 References to the Energy Made Easy website

To meet the requirements to include a reference to Energy Made Easy on customers' electricity bills, retailers must include on the customers' bill the URL [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au).

Energy Made Easy is a price comparator operated by the AER. It uses the benchmark usage data to generate estimated costs for energy plans in the following cases:

- when consumers do not have access to, or do not provide, their energy usage data to the website
- for the comparison pricing table on the Basic Plan Information Documents generated by Energy Made Easy.

Energy Made Easy also provides consumers with general information about saving energy and allows residential customers to access more detailed benchmark data, to compare their energy usage to other similar households in their location.

For the avoidance of doubt, the AER considers this requirement will not be satisfied if the retailer references an alternative URL that subsequently redirects the customer to Energy Made Easy.

For electronic bills, the best practice is to include a hyperlink to Energy Made Easy.

Retailers have discretion in wording their reference to Energy Made Easy. The AER considers the following sentence would meet the requirements of rule 170(1)(c):

To find out more about saving energy and find and compare plans from all energy providers visit: [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au).

## 6.3 Expectations regarding 'easy to understand'

To ensure information on a customer's bill is 'easy to understand', a retailer should use:

- clear language
- an appropriate size font, and
- an appropriate style of font.

In addition, any colours and shading used should be clearly visible and consistent with accessibility standards. The benchmark information should be clearly set out and positioned on the bill. Customers should be able to readily identify the household size and consumption benchmark that is applicable to their circumstances.

## 7 Graphic presentation of benchmarks

Rule 170(2) of the Retail Rules requires a retailer to present the electricity benchmarks in a graphical or tabular format on a customer's bill. This information may be included in a location on the bill that is convenient for the retailer.

Retailers opting to include gas benchmarks should adopt the same principles that apply to display of the electricity consumption benchmarks.

### 7.1 Use of graphical or pictorial formats

To ensure graphic presentation of benchmarks on customer bills meets the requirements of rule 170(2) the information should:

- be presented in formats that are simple, easy for customers to understand and which enable them to compare their usage
- be clearly understood without the need for instructions
- be easy to interpret and provide meaningful, unambiguous comparison.

We do not recommend stacked bar graphs or tabular presentation of benchmarks. These formats are difficult to interpret and require instructions to understand thereby making them difficult for customers to compare their usage at a glance.

We have developed some best practice examples of graphical and pictorial formats for electricity and gas benchmarks in section 7.3.

### 7.2 Location on the bill

Electricity benchmarks must be located on the customer's bill. They can be placed at the end of the bill or on a separate page within the bill. However, a retailer should not include the benchmark on a separate leaflet or insert which is included with the bill (but not on the bill).

### 7.3 Graphical and pictorial presentations of benchmarks

The following are best practice examples of how to display benchmarks on customer bills.

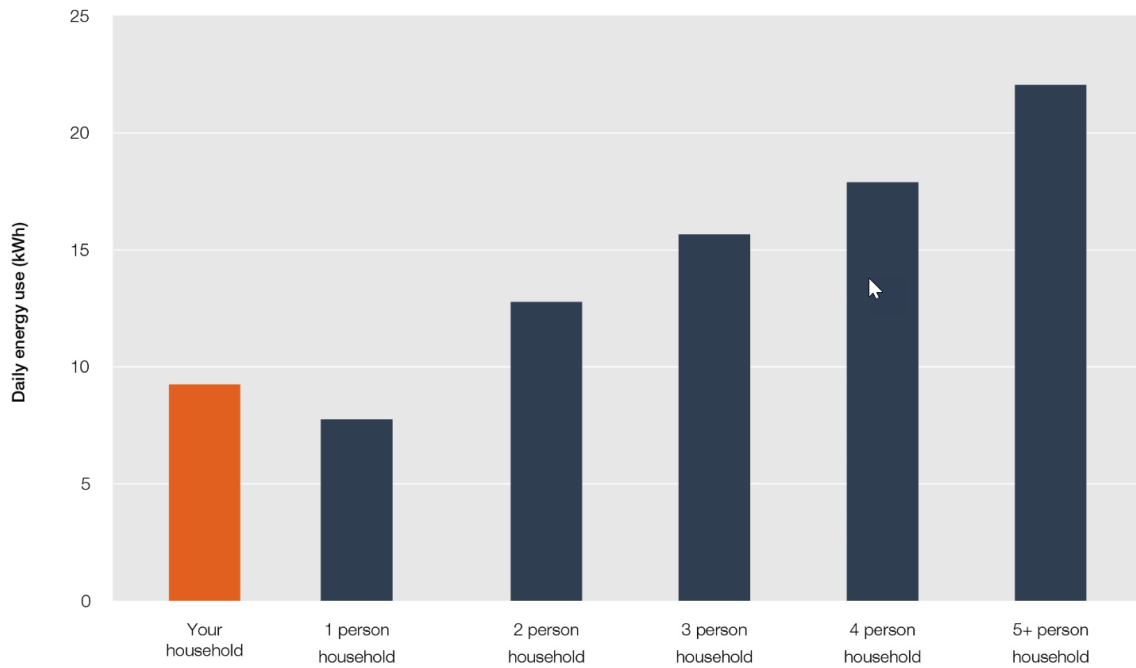
#### 7.3.1 Graphical format

Graphs can be an effective way to satisfy the requirement for the benchmarks to be easily understood. The example graphs are easy to understand because they:

- distinguish the customer's usage with a contrasting colour and a clear label
- show the customer's comparison to other households in their postcode
- are easy to interpret without the need for instructions.

### 7.3.1.1 Example 1

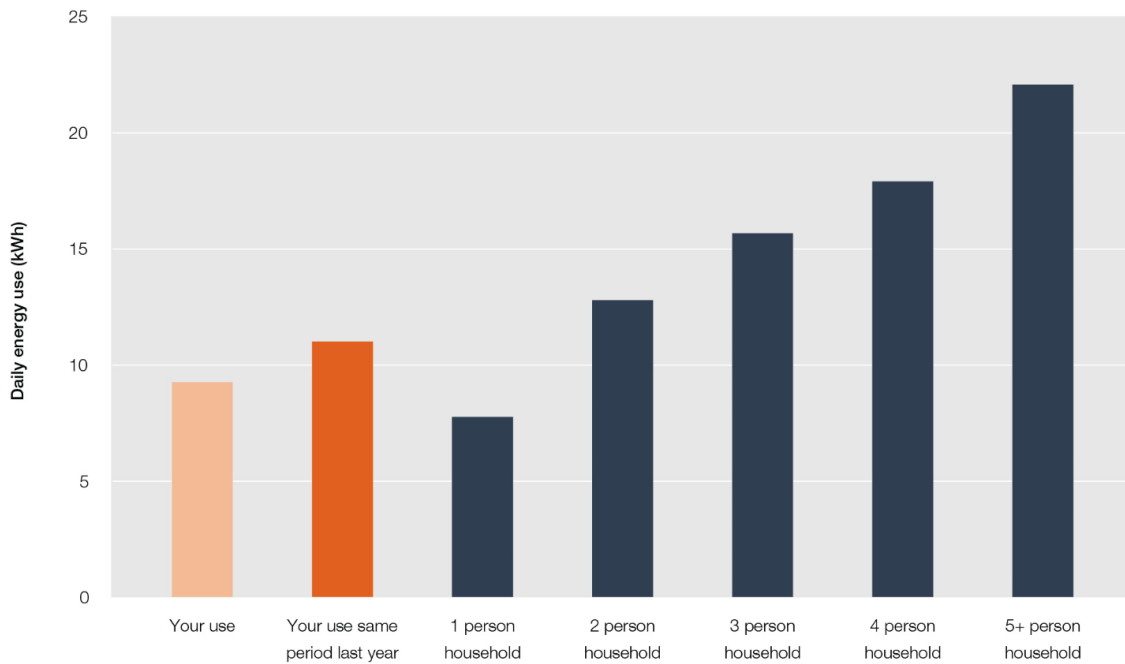
## Compare your usage to other households in your postcode



To find out more about saving energy and find and compare plans from all energy providers visit: [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au). This information has been provided to help you compare your electricity use with the average household in your postcode. Your household may vary due to individual circumstances.

### 7.3.1.2 Example 2

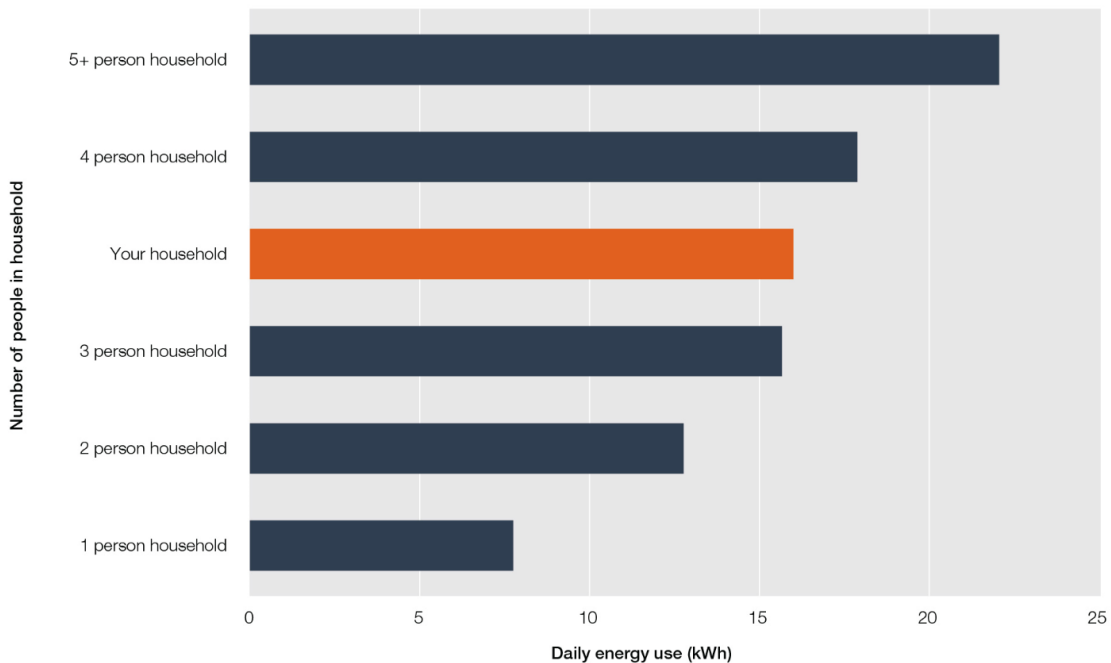
#### Compare your usage to other households in your postcode



To find out more about saving energy and find and compare plans from all energy providers visit: [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au). This information has been provided to help you compare your electricity use with the average household in your postcode. Your household may vary due to individual circumstances.

### 7.3.1.3 Example 3

## Compare your usage to other households in your postcode



To find out more about saving energy and find and compare plans from all energy providers visit: [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au). This information has been provided to help you compare your electricity use with the average household in your postcode. Your household may vary due to individual circumstances.

### 7.3.2 Pictorial format

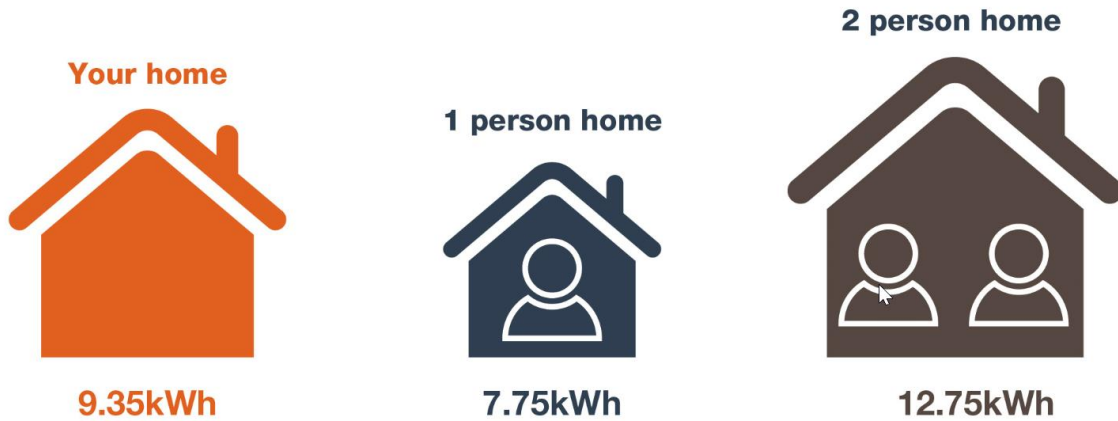
Pictures are effective in quickly conveying complex information. The example benchmark picture is easily understood because:

- the relative size of pictorials, with clearly labelled consumption figures, indicates consumption and
- the number of people in the houses clearly displays household size.



### 7.3.2.1 Example 4

## Compare your usage to other households in your postcode



To find out more about saving energy and find and compare plans from all energy providers visit: [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au). This information has been provided to help you compare your electricity use with the average household in your postcode. Your household may vary due to individual circumstances.

### 7.3.3 Tabular format

Our current view is that benchmark information presented in tabular format can be difficult to interpret as often they require instructions for customers to understand it.<sup>20</sup> Accordingly, we no longer consider presentation of benchmarks in tabular format to be best practice.

Retailers electing to present the electricity benchmarks in tabular format should ensure they meet the requirement that the information is presented in a way that is easy for the customer to understand.

<sup>20</sup> Informed by insights of the Behavioural Economics Team Australia (BETA) Group

## **8 Benchmarks for residential customers**

### **8.1 Residential customers who are subject to both residential and business tariffs**

While retailers are only required to provide electricity benchmarks on the bills for residential customers<sup>21</sup>, if a single bill is issued to a customer that covers both residential and business tariffs then the electricity benchmark information must appear on the customer's bill. In such circumstances, it would be beneficial for the retailer to ensure the statement of purpose provided on the bill<sup>22</sup> clearly stipulates that the benchmarks only relate to residential consumption.

### **8.2 Residential customers who have a single bill issued for both electricity and gas**

If a single bill is issued to a customer for both electricity and gas and the retailer only includes the electricity benchmarks on the customer's bill, a statement should be included on the customer's bill that outlines the electricity benchmarks provided on the bill only relate to their electricity usage and not to their gas usage.

While it is not mandatory for retailers to include gas consumption benchmarks on customer bills, subject to space on the bill, we consider it would be best practice to include the gas benchmarks on the same bill. The additional information will provide customers with more complete information about their household energy consumption to make an informed decision about their usage.

Retailers may include a statement directing the customer to the gas benchmarks on Energy Made Easy.

### **8.3 Can customers opt out?**

Residential customers cannot opt out of receiving electricity benchmark information on their bill. It is a requirement under rules 170 and 25 of the Retail Rules for a retailer to provide electricity benchmarks and ancillary particulars in a bill for a residential customer.

<sup>21</sup> Rule 170(1)(a), National Energy Retail Rules

<sup>22</sup> Rule 170(1)(b), National Energy Retail Rules

## 9 Transitional arrangements

The AER provided the updated energy benchmarks to retailers in December 2020. We acknowledge that retailers may require time to update their systems and processes to ensure the updated electricity benchmarks can be included on residential customers' bills.

In this context, retailers are required to commence including the updated electricity benchmarks on residential bills issued from 31 March 2021 onwards. This provides sufficient time for retailers to make any necessary system changes to accommodate the updated benchmarks.

Bills issued to residential customers prior to 31 March 2021, should continue to include the 2017 electricity benchmark information.

Additional, jurisdiction-specific transitional provisions may be included in State or Territory legislation to implement the Retail Law and Rules. This guidance operates subject to any such provisions.