

27 September 2021

Australian Energy Regulator
Consumer Policy Team
FAO: Mark Feather

By email: ConsumerPolicy@aer.gov.au

Dear Mr. Feather

Australian Energy Regulator Better Bills Guideline Consultation

Aurora Energy welcomes the opportunity to provide feedback on the Australian Energy Regulator's (AER) consultation relating to preparation of the Bill Contents and Billing Requirements Guideline (Better Bills Guideline).

Aurora Energy has reviewed the AER and the Behavioural Economics Team of the Australian Government (BETA) research, alongside its own analysis, and provides the following key points for consideration in preparation of the Better Bills Guideline:

1. Changing customer expectations and engagement practices are evolving beyond the simple format offered by traditional bills;
2. A flexible framework that reflects the different manner in which customers access and use information is key to realising the benefits of digitalisation; and
3. Simplification of bills can be achieved through focusing on the core purpose and function of billing.

The following sections expand on the above key points:

1. Changing customer expectations and engagement practices are evolving beyond the simple format offered by traditional bills

Over the past three years it has become clear that energy retailers are being required to transform their businesses in order to meet new regulatory obligations whilst addressing changing customer expectations. When dealing with any type of retailer, customers expect a personalised value adding experience and businesses are evolving to reflect these needs.

Retailers are often best placed to understand customer needs, particularly where there are unique jurisdictional factors and regimes at play or, more importantly, bespoke customer challenges. Whilst bills can function as a gateway to information provision about cost and consumption, customers are increasingly wanting to interact quickly and easily through multiple contact channels. The current standardised approach of billing ensures it is not a first choice tool for providing a tailored customer experience.

The BETA research identified that bills are used for a variety of related purposes, yet bills are relatively simple in their functionality. By its nature, a bill is a one-way format with no interactivity and limited capacity to explain complex concepts. It is Aurora Energy's experience that the greater level of complexity placed on a bill the greater the likelihood for customer confusion and the need to seek clarification from their retailer, which in turn leads to increased service costs.

As customer expectations and requirements continue to evolve, alternative tools to bills will be required to explain complex topics that customers may have sought from bills in the past, such as consumption data, cost breakdowns and payment options. Bills in this context should focus on their core points of utilisation.

2. Flexible framework to realise the benefits of digitalisation

Online retailer services provided through websites or mobile phone applications are new alternatives to typical billing practices. In response to this trend, and changing customer expectations, Aurora Energy has developed its own digital product, aurora+.

aurora+ allows customers to take control of their energy consumption and generation information in near real-time. Customers can easily compare their usage daily, weekly, monthly, quarterly or yearly. Key insights and tips such as increases/decreases in energy usage, current time period (peak or offpeak), account balance and payment ability are all provided to the customer inside the digital app. There is also tailored solar functionality available and the ability for customers to complete other standard requests such as managing account information, establishing payment plans and direct debits.

Since its establishment in 2019, the aurora+ product has provided significant benefits to the now over 35,000 customers who have access – in particular managing bill shock and providing greater control over electricity usage. As part of the implementation of aurora+, Aurora Energy has firsthand practical experience of customers choosing to move away from receiving 'traditional' energy bills.

aurora+ customers can choose to view their billing information as and when they need. Because of this, many customers using the product have expressed confusion and frustration that they continue to receive a bill via email or post, which is required to be sent by Aurora Energy in order to comply with the current National Energy Retail Rule (NERR) requirements. The provision of bills in this context not only leads to a worse customer experience, but it also results in retailers incurring administrative costs which is ultimately borne by customers.

Based on the above, it is essential that the Better Bills Guideline promotes flexibility and is able to accommodate future product developments and changes in customer behaviour. Additionally, Aurora Energy supports the principle that the new Better Bills Guideline should strike an appropriate balance between protecting customers while allowing retailers to innovate and continue to improve the customer experience.

3. Simplification of bills can be achieved through focusing on the core purpose and function of billing.

It is Aurora Energy's experience that utilising bills to achieve outcomes beyond the core purpose of billing adds complexity and cost. There is an opportunity in establishing the Better Bills Guideline to remove or adjust current elements of the NERR obligations related to billing information that have diminished in relevance and value.

Aurora Energy notes that billing complexity not only raises costs but also increases the risk incurred by the retailer in representing data that is either complex or generically applied to individual circumstances. For example, the current bill benchmark representations required under NERR 170 can become misleading when out of date or not applicable to a customer profile. This

is in turn creates confusion that could be avoided if customers instead accessed consumption information through services tailored to their requirements.

Aurora Energy also discourages the AER from considering obligations that require retailers to represent data that is drawn down from external sources or systems. Retailer billing is more likely to remain understandable and low cost when it is only required to access information from 'in-house' systems.

In regards to inclusion of reference rates or best offer information, this is not supported by Aurora Energy. Promotion of alternative offers was not identified by the AER's BETA research as one of the top four uses of bills and recent rule changes targeting the provision of information to customers to promote consideration of alternative energy provide more targeted mechanisms.

Aurora Energy also notes network tariff reforms and the promotion of cost reflective tariffs are another driver for reviewing whether customers are on the best tariffs available for their usage profile. Most importantly, the identification of the best tariff or offer for a customer is dependent on a range of bespoke customer factors. For example, the choice between a standard or time-of-use tariff will be highly influenced by individual customer consumption patterns.

Where there are elements of the current framework that no longer provide valuable information to customers these should be removed. For example, the requirement in NERR 25(l) to include average daily consumption during the same billing period in the previous year provides little context to customers, particularly when past bills may have been based on an estimation and/or there have been changes in their consumption patterns.

Additionally, the information required to be included on an advanced meter bill is generally the same as for a basic meter, although, advanced meters can provide a customer with more insight to their energy consumption habits. NERR 25(m) requires the next planned meter read date to be included on a bill, where applicable. Anecdotal feedback suggests customers on standard retail contracts more commonly use this information to plan for the receipt of their next bill.

Conclusion

As highlighted in its submission to the initial rules change proposal for the Better Bills Guideline, Aurora Energy supports a hybrid approach to bill presentment and delivery that includes key billing principles and baseline customer protections.

Given the ongoing market disruption caused by digitisation and changing customer expectations a prescriptive rules-based approach is likely to be less flexible, and limit the ability of retailers to innovate and respond to customer preferences. Additionally, removing a number of the current NERR obligations on retailers will help make bills less complex and fit for purpose for the changing nature of customer engagement patterns.

Please contact Giles Whitehouse, Lead Regulatory Advisor in regards to this submission at

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Yours sincerely



Oliver Cousland
Company Secretary / General Counsel