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Dear AER Consumer Policy Team

Ausgrid submission to the Australian Energy Regulator (AER) – Better Bills Guideline

Ausgrid welcomes the opportunity to provide feedback to the AER on the consultation questions relating to Developing the Better Bills Guideline consultation (**the Guideline**). Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometres from the Sydney CBD to the Upper Hunter. Ausgrid supports the work by the Australian Energy Market Commission (**AEMC**) and the AER to simplify energy bills and make them easier for customers to understand and use.

Energy bills should be transparent and split out jurisdictional schemes on electricity bills

A key principle for the Better Bills Guideline's development should be ensuring energy bills are transparent for energy customers. It is important that customers are given the opportunity to understand the underlying drivers for their electricity bills. For example, under section 6.18.7A of the *National Energy Rules*, National Electricity Market jurisdictions can establish jurisdictional schemes funded through a levy or tax on the network component of energy bills with the AER's approval.

Historically there have been two jurisdictional schemes in NSW. The \$100 million Coal Innovation Fund,¹ which ran from 2009 to 2013 and the NSW Climate Change Fund (**CCF**), which commenced in 2007. The CCF continues to provide \$134 million on average each year to the NSW Government to fund climate change mitigation programs.² The annual CCF impact equates to \$62 on average per Ausgrid small business customer and \$23 on average per Ausgrid residential customer.

The NSW Electricity Infrastructure Roadmap (**the Roadmap**) is a new jurisdictional scheme to be implemented in NSW in addition to the CCF.³ Should the full 12 gigawatts of renewable energy and 2 gigawatts of energy storage be realised within the Roadmap, this could have a significantly higher impact on electricity bills compared to the contribution from the CCF. Additionally, this levy is almost entirely exempt for emissions-intensive trade-intensive

¹ See: https://www.industry.nsw.gov.au/_data/assets/pdf_file/0013/102073/evaluation-of-the-coal-innovation-nsw-program.pdf

² \$134 million represents the average from the last three financial years.

³ *Electricity Investment Infrastructure Act 2020* (NSW), s58.

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industries, requiring other customers including residential and small business consumers to make up the difference.⁴

Unfortunately, these jurisdictional schemes can have unforeseen impacts on customer's energy bills. For example, a recent precedent for higher than predicted costs from jurisdictional schemes can be found in the Australian Capital Territory (**ACT**). The ACT's government's jurisdictional scheme resulted in a 40 per cent increase in the network component of consumer energy bills in one year, or \$300 per annum for residential customers.⁵

Providing transparency to small business and residential energy customers is increasingly important as we continue to enter a heightened vulnerable customer environment following the economic impacts of COVID-19. Ausgrid recommends that electricity bills at least split out jurisdictional schemes on the bill. This way customers can understand what contributes to their electricity bills, which improves transparency and understanding of bill drivers.

This is supported by the AER's focus group findings that some culturally and linguistically diverse (CALD) customers want 'clarity on vital information' contributing to their energy costs and expressed interest 'in seeing additional information'. Similarly, the AER's Hall and Partners report found that customers felt it was 'vital' to be able to 'sense check[...] the amount on the current bill to see if it matches expectations' due to potential changes from one quarter to the next.

Other ways bills can improve transparency for energy customers

Energy bills can provide additional clarity to customer by showing whether the connection point has a smart, interval or accumulation meter so customers can know which tariff-type is best suited to their energy usage. For example, 'You are on an 'abc' meter, if you had a smart meter you could save 'x' amount'.

Additionally, retailers should be motivated to ensure they have selected the best tariff for that customer's consumption profile. This could occur by providing the network tariff code to confirm whether the customer's network price signal was passed through by the retailer.

If you have any questions in relation to this submission, please contact Ms Naomi Wynn, Regulatory Policy Manager at [REDACTED]

Regards,



Rob Amphlett Lewis
Chief Customer Officer

⁴ See, NSW Electricity Infrastructure Roadmap, p. 35 (<https://www.energy.nsw.gov.au/sites/default/files/2020-12/NSW%20Electricity%20Infrastructure%20Roadmap%20-%20Detailed%20Report.pdf>)

⁵ See: <https://www.canberratimes.com.au/story/7197512/evoenergy-wants-a-big-rise-in-electricity-prices-to-cover-acts-renewables-targets/>