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Australian Energy Regulator
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SUBMISSION IN RESPONSE TO THE BETTER BILLS GUIDELINE

Brighte Energy Pty Ltd ("**Brighte**") welcomes the opportunity to make a submission to the Australian Energy Regulator, providing feedback and input on key questions relevant to the development of the proposed AER Bill Contents and Billing Requirements Guideline (Better Bills Guideline).

ABOUT BRIGHTE

Brighte is on a mission to make every home sustainable by offering consumers a fast and easy way to pay for solar, battery and home improvements. Delivering on a promise to bring forward the benefits of clean energy for Australian families, Brighte has installed over **490MW** of clean energy so far by providing homeowners with access to an affordable way to make their homes more comfortable and sustainable.

Brighte has added significant value to consumers, small and medium businesses, and the Australian economy since it began operations in 2016. To date, Brighte has assisted nearly **90,000** households and processed over **\$1 billion** in finance applications. We now partner with over **2,000** vendors and **7,000** sales agents across the country.

Brighte has helped drive uptake of rooftop solar, solving the friction problem by offering a simple, transparent, and convenient point of sale finance product, which addresses the upfront cost barrier by allowing it to be spread out over time. Brighte has now secured its energy retailing licence to better support our customers and drive the uptake of battery storage technology.

We are proud of the role we have played in Australia's clean energy transition so far, helping households save on bills, delivering better lifestyles, supporting job creation, and reducing carbon emissions.

BRIGHTE'S VIEW ON BILLS

The Australian energy market is currently undergoing significant change, driven by a number of factors, including but not limited to:

- Policy and regulatory imperatives
- Rapid growth in DER penetration
- Changing consumer preferences
- The availability of data and new technology
- New market participants with different business models

It is in this context, as a customer centric and technology focused clean energy gentailer, that Brighte welcomes both the consultation on bills and the focus on behavioural research and customer insights to inform decision making.

As a born digital business, we believe that the focus on paper or .pdf bills alone may have left out other ways to help consumers understand their costs and manage their energy usage. The AER research presented shows that only 67% of research participants comprehend bills – and this is the best-case scenario. This demonstrates that while bills may enable payments, they may not be the right tool to achieve the goal of increasing consumer understanding.

As the energy industry is undergoing significant transformation, we are seeing various examples of electricity providers both here and overseas that aim to achieve this goal by delivering this information in more modern formats, such as a web app and website - a more simple and transparent way than is achievable in a static bill. Designing a research experiment in which sending a bill is compared to alternative digital solutions may provide better insights into the actual value it brings to customers.

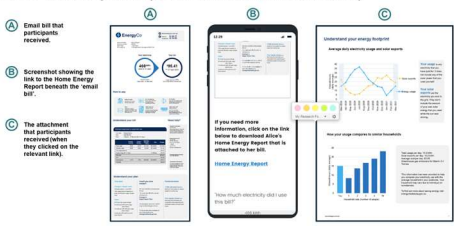
When we consider emerging business models based on renewables, like solar, energy storage and energy trading to return value to consumers, we believe it may get only more complex for consumers to comprehend their bills in future.


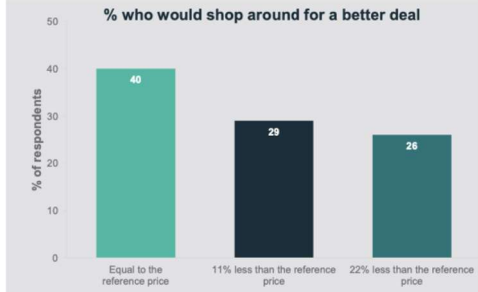
This further emphasises the need to provide consumers and retailers with the optionality to go beyond bills and explore newer formats to help consumers understand their costs and better manage their energy usage.

DETAILED CONSULTATION QUESTIONS

Question 1: What are the key insights from our consumer and behavioural research? What are the key opportunities for the AER to improve consumer outcomes, including through the Guideline, that arise from the research?

The table below provides insight into the consumer research and Brighte’s position

AER Statement in Executive Summary	Position	Detailed comments from Brighte
Bill content		
The main purpose of energy bills is to enable customers to make a payment.	Agree	
Many survey respondents said they also use bills to: find information about how much energy they use, understand how their bill was calculated, and find information about their energy plan.	Suggestion	We believe a bill / single document is a very difficult medium to bring a message across and achieve the goal to help consumers understand costs and manage energy usage. Freedom to display energy usage, bill calculation and information about energy plans elsewhere allows retailers to make it simpler and user friendly.
Bill simplification: Length, layout, and definitions		
Consumers find bills complex and confusing.	Agree	Brighte’s research found that complex and confusing statements deteriorate trust from the consumer towards the retailer
Compared to a short bill, we did not find evidence that a well-designed longer bill reduced comprehension. Reducing the amount of content may not be that important for addressing information overload. This is just one element of simplification	No comment	
We also designed a bill where some information was removed but available via a link to view a ‘Home Energy Report’. This friction made respondents much less likely to find the information, even when asked to look for it.	Suggestion	In this design the link to the home energy report came from the bill. The link was hidden below the fold with a description that indicates it will be just another report. Naturally, few people will be interested to look into it when presented like that. Bill 3: Email-style bill (with link to further information)  Our recommendation is to create an experiment in which the bill is not the starting point. Make this the app, or even the energy report itself, which in turn can link to the bill. Designing an alternative where the bill is taken out of the equation is a much more appropriate way to see if the bill delivers on its value.
Including a box with plain English definitions for technical terms had no positive impact on comprehension.	No comment	
Bill comprehension: Understanding how the bill was calculated		

<p>We tested different formats for the detailed charges table showing the breakdown of costs. None of the alternative designs performed better than the current 'invoice-style' table.</p>	<p>Suggestion</p>	<p>Only a few alternatives were tested. None of them were fundamentally different as they seemed to have been designed for existing market models. All alternatives included breakdowns of costs in this experiment as well as kWh, feed-in tariff and different tariffs for daily supply charges. Our research suggest that these items can be difficult to comprehend to begin with and can be separated from the payment.</p>  <p>Our recommendation is to compare this to bill smoothing approaches that already exist in the market which can be simpler for consumers to understand.</p>								
<p>Simple plan summaries helped consumers to better understand their plan (but did not improve the likelihood they would choose a better deal)</p>	<p>Agree</p>									
<p>Bill comprehension: Switching and market engagement</p>										
<p>In two separate trials, adding a 'best retailer offer' to bill prototypes increased respondent's intention to switch plans. This was based on responses to an open question seeking suggestions for how to save money</p>	<p>Agree</p>	<p>Brighte's findings show that while 'best retailer offer' does increase switching, there is a large proportion of participants that experiences inertia as they are not sure the comparison shows the full picture.</p> <p>It would be great to see how the researchers measured likeliness to switch and how many participants experienced inertia because of non-clarity.</p>								
<p>We also tested the impact of comparing plans on bills to a reference price. Respondents were more likely to say they would shop around for a better plan if they saw that their plan was equal to the reference price, and less likely to shop around if they saw that it was below the reference price</p>	<p>Agree</p>	<p>While it is true that being below the reference price helps, the effect strength is decreasing as the proportion difference increases</p>  <table border="1"> <caption>% who would shop around for a better deal</caption> <thead> <tr> <th>Price Difference</th> <th>% of respondents</th> </tr> </thead> <tbody> <tr> <td>Equal to the reference price</td> <td>40</td> </tr> <tr> <td>11% less than the reference price</td> <td>29</td> </tr> <tr> <td>22% less than the reference price</td> <td>26</td> </tr> </tbody> </table>	Price Difference	% of respondents	Equal to the reference price	40	11% less than the reference price	29	22% less than the reference price	26
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<p>Bill comprehension: Energy usage and solar exports</p>										
<p>A benchmark helped consumers understand how household consumption compared to similar households but the format didn't make a difference</p>	<p>No comment</p>									
<p>Energy usage charts worked equally well, irrespective of their format.</p>	<p>No comment</p>									

We tested various formats for a new chart showing solar exports. No format clearly outperformed the others however 87% of respondents who have solar panels said they would value having this information on their bill.	Suggestion	With the high and growing penetration of rooftop solar and the expected penetration of household storage, Brighte would support additional research on more information being provided to solar customers to facilitate understanding of consumption, usage and exports so that it is transparent how much value is being returned to consumer. This may further support the view that a fixed bill format may not be the best format to communicate critical billing and offer information to customers.
Other		
In a well-designed bill, the overall length and layout isn't a big barrier	Suggestion	It is unclear why AER determines that 67% correct bill comprehension is considered a 'well-designed bill', as this indicates that a third of research participants (and thus, Australians) would still not comprehend the bill correctly. Our recommendation is to try more designs and look beyond billing to increase comprehension.
Benchmarking helps consumers	Suggestion	While the benchmarking condition is better than the control condition, it remains concerning that less than half of the participants identified that their usage was higher than that of other people. As such, we recommend to look into fundamentally different opportunities for consumers to compare their usage costs to that of others.

Question 2: What additional or new insights do you have regarding the current problems with energy bills?

N/A

Question 3(a): What are the key opportunities to ensure energy bills are simple and easy to understand?

We believe that the key opportunity to help consumers understand their cost and manage their energy usage is to provide them with the optionality go beyond bills. The AER research shows that only 67% of participants understood the best bill that was provided. Therefore, the current bill format may not be the best tool to achieve better consumer understanding.

Question 3(b): Which approach do you consider preferable and why? Are there other approaches we should consider?

More contemporary formats which consumers are familiar with like websites, web apps and mobile apps may be able to provide more dynamic ways to bring value to customers.

Question 4: Would including 'best offer' information increase consumers' understanding of their bills? Are some consumers likely to find this more beneficial than others? What are the practical issues that need to be considered? Are there risks or potential downsides in including 'best offer' information on bills?

The main risk here is that "best offer" will often vary from customer to customer. This includes scenarios where a customer may have the capacity to move to a cheaper offer, but that eligibility criteria and/or conditions for this offer may not be as beneficial (or may be more burdensome) as the status quo offer. In short, customers may need much more context around an offer to make a suitable decision to move and as such a bill may not be the best way to start this discussion. A generic reminder on the bill for the customer to verify the retailer's offer page might be most appropriate.

Question 5: How can we simplify the billing regulatory framework, through the Guideline or more broadly?

The AER may consider the following suggestions:

- The ability for a customer to opt-in into receiving key billing & offer information in simplified online formats bespoke to each retailer in lieu of a traditional bill. (The customer would still have access to their traditional bills repository online at any time)
- The ability for innovative retailers to seek exemptions from the AER on specific items of the guideline where they may not be applicable to the retailer's offer. For example, where an offer is available only to customers with smart meters and only bills on actual reads, there would not be a need for a bill to include information around next meter reads (although this should be available to the customer upon request or on a customer's profile online). Another example is the requirement to include a due date on each bill - something that does not apply when an electricity retailer applies a bill smoothing concept.

See also answer to question 7

Question 6: Would this reduce the cost to serve? If so, how?

Brighte is unable to comment on this point at this stage, it believes retailers will be in a better position to comment after draft guidelines are published.

The main benefit we envision is increased customer comprehension of bills/offers. This is achieved by maximising retailers' ability to develop bills that are most relevant to the product being offered to the customer

Question 7: What are the practical and implementation considerations we should be aware of in considering ideas to simplify the regulatory framework, and in developing the draft Guideline?

The uptake of residential DER is reshaping the retail space and Brighte believes billing guidelines should be flexible enough to adapt to different business models. We agree with the finding that *"One challenge is to create a design that is flexible enough to be adapted for any of the different pricing models currently available in the market"*

An increasing number of offers now include energy plus other utilities (e.g. energy + telco), financing (e.g. energy + battery financing) as well as emerging business models like solar, energy storage and trading to return value to consumers. The AER should consult with retailers offering these types of package deals to see how best an energy bill can be considered or merged within the context of other bills so that the customer faces a single bill (or digital alternative) rather than multiple bills for various utilities. Retailers that offer such packages should be given opportunities via exemption mechanisms to explore optimal billing options with their customers.

Question 8: Would you like to provide other information for the AER to consider at this stage?

N/A

CONCLUSION

Brighte believes that for energy to be simple, transparent and convenient for consumers, the experience should not just be on *better bills*, but giving consumers and innovative retailers to the option to go *beyond bills*, ensuring consumers get the information they need in the way they need it.

We believe that this would be the appropriate response to the rapid changes taking place in the energy market, as well as providing innovative retailers the capacity to develop highly curated and uniquely customised communications to add value to consumers.

Brighte would be happy to engage with your research team to provide suggestions around this as well as share learnings from our own research.

Yours sincerely,



Nigel Freitas
Head of Corporate Affairs