



Submission to the Australian Energy Regulator

## Developing the Better Bills Guideline

**Prepared by COTA Australia**

**September 2021**

## About COTA Australia

COTA Australia is the national consumer peak body for older Australians. Through its own networks and those of the State and Territory Councils on the Ageing (COTAs) around Australia we represent more than 1,000 seniors' organisation members – which jointly represent over 500,000 older Australians – and over 45,000 individual members and supporters.

COTA Australia's focus is on national policy issues from the perspective of all older Australians as citizens and consumers and we seek to promote, improve and protect the circumstances and wellbeing of older people in Australia. Information about, and the views of, our constituents and members are gathered through a wide variety of consultative and engagement mechanisms and processes.

### **Authorised by:**

Ian Yates AM  
Chief Executive



### **Prepared by:**

COTA Australia's Energy Advocates  
with support from Mary Swift  
Policy and engagement officer

### **COTA Australia**

Suite 9, 16 National Circuit  
BARTON ACT 2600  
02 61549740

## Introduction

COTA Australia welcomes the opportunity to contribute to the Australian Energy Regulator's (AER) Developing the Better Bills Guideline consultation. We applaud the AER's endeavours to work with all stakeholders to ensure energy bills are simple and easy to understand and endorse the introduction of the proposed Guideline.

In preparing our consultation response, we have worked closely with our Energy Advocates who, in turn, have reached out to their local constituencies. We are confident our submission is inclusive of the voices of diverse groups of older people. In seeking people's views we remained mindful of the three points stressed in "Why we are consulting."

Through the work of our Energy Advocates and older Australians' contributions to various COTA Australia engagements, we know energy issues are an ongoing and critical issue for older people. This is particularly true for those on low, fixed incomes and/or heavily reliant on a dependable energy supply to maintain their psychosocial health and experience a quality of life that meets with community expectations.

Following please find COTA Australia's response to the 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?**

COTA Australia understands a key insight highlighted by the consumer and behavioural research is that consumers value and want well-designed energy bills.

From a consumer perspective, ease of use and an informed understanding of the calculation of cost, are paramount. Regardless of the bill's length, consumers agree that the appropriateness of language, presentation, salience and structure are critical to overcoming many of the comprehension difficulties associated with current retailers' bills. Consumers also tell us their strong preference is for comparison with their own use rather than that of similar households. As shown in the research, consumers are adamant there should be no hidden costs (and this includes the cost of sending a paper bill).

For the energy sector, the opportunity is for energy bill design principles to be informed and shaped to complement consumer preferences. Further, due to the strength of consumer feedback, it is clear they would appreciate the content and format for Page 1 of the bill being mandated, with consideration given to guidelines/regulation for energy bills design principles.

We note the research did not ask consumers what information they wanted to see on their bills. This would be fine if the bill's purpose is simply to show how much is owed, the payment due date and payment options. However, we call attention to the fact the research does not provide insight into how consumers may react to less or more information being provided.

COTA Australia supports consumers' assertion that the provision of relevant, clearly presented information creates less confusion. Moreover, the consumer preference informed bill has the potential to contribute to building and maintaining a trusting relationship between customer and retailer.

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

'Bill shock' worries many consumers. However, none of the bill prototypes reference mechanisms to facilitate consumers avoiding bill shock.

COTA Australia appreciates the attention paid to thoughtfully working alongside consumers who experience financial challenges. However, there is also a related need for a focus on methods to assist consumers spread bill costs over shorter or more manageable time periods. In our view this could benefit retailers to improve the relationship with consumers and deliver bill payment benefits to both affected consumers. For example, in Tasmania if a bill is paid by direct debit on a weekly basis, a 5 cents per day discount on the bill is offered. On the other hand, should a consumer wish to access energy use data via an App to better understand energy use, the retailer charges an 11 cents per day premium. Neither bill prototype tests this type of process.

The format of energy bills can be improved; it needs to provide consumers with what they understand as the relevant information. This is especially applicable for groups of senior Australians. Our consumer feedback suggests the relevant information is total cost, customer details, retailer details, cost/kWh, average daily kWh usage, daily service charge, and 'Best offer' options. We suggest, additional information could either be included on the last page or omitted. For instance, consumer greenhouse emissions, others' household usage benchmarks and energy efficiency advice.

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

COTA Australia's strong view is standardising terminology across retailers for common bill elements and terms would not only aid comprehension but facilitate more informed comparison of offers from different retailers.

We also support standardising key design elements (for example graphics) to enhance comprehension. Plus, the use of graphic design, as opposed to computer generated font/design, could be considered.

In addition, consumer feedback highlights the importance of the judicious use of white space.

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

COTA Australia believes the approach should be tailored to meet individual choice. A simple bill may be preferable for many consumers. The bill would clearly advise how much, by when and how to pay. However, for those consumers who want more information, they should have the choice to access additional information. This could be achieved by them requesting additions to the paper bill or being provided access to free online tools (either web or App based). We see this as being a major step towards the provision of individualised or customised bills.

We suggest a plan summary is an important inclusion. When this information is not included in the bill, it is often difficult for a consumer to locate the relevant details, particularly if the plan has been superseded and is no longer actively offered by the retailer.

Definitions of key concepts, using everyday terms understood by the majority of consumers, is critically important.

To keep bills concise and simpler we suggest for mail out customers, periodically providing supplementary material with bills, such as pamphlets detailing messages on energy efficiency/rebates and concessions. For online customers, bills could include links to such information.

Hardship arrangements need to be on the front page.

**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?**

COTA Australia believes ‘best offer’ information is useful and may encourage retailer switching. However, the critical caveats are - only if the consumer understands the basis on which the ‘best offer’ was determined and has a good knowledge of all assumptions inherent in its calculation. Any information about discounts and associated ‘best offer’ conditions must be clear.

Consumers have told us many of them find such offers confusing as they do not understand if the marketed ‘best offer’ is applicable given their situation. COTA Australia sees the potential risk for a consumer/retailer relationship breakdown if the suggested ‘best offer’ does not result in the best option for a particular customer

Another consideration is that best offer for the past quarter may not necessarily be the best offer heading into a new season with a different energy use profile. It is important consumers have access to relevant forward focusing planning tools. This would allow them to informatively choose the offer best suited to their needs, based on historical/trend consumption patterns and behavioural changes they may be deciding to implement.

Any reference to the ‘energymadeeasy’ or ‘energycompare’ websites on bills should also include the corresponding telephone number, that enables direct contact with another human being within a reasonable timeframe.

Consumer feedback also highlights they want transparency regarding the frequency with which they can change/switch plans, plus clear, concise details about associated length of notice restrictions.

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

COTA Australia believes every consumer should have the right to access real time information at no additional cost. Online consumers should be provided free access to tools and Apps to review the impact of alternative energy products on their energy cost. We would appreciate retailers being required to provide forward looking information to consumers at the start of the billing period as to the best/cheapest product offering for the forthcoming billing cycle.

We also consider it reasonable that consumers be permitted to change products at the very least four (4) times per annum at no cost, and more frequently at a nominal cost.

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

COTA Australia's view is that mitigating 'bill shock' by permitting consumers to move to more frequent payment cycles and/or payment in advance has benefits for both consumers and retailers. The introduction of these changes within all jurisdictions would reduce potential debts and reduce the load on support and administrative programs. This is likely to have a positive impact on payment returns due to cash flow being timed more closely with consumption. The cost of billing will also reduce further as more consumers choose an online option, largely eliminating the need to print, fold, package and post a bill.

A well-educated energy consumer population will lead to a lower load on the consumer support functions, with basic day to day queries declining and or quickly resolved by effective online enquiry systems.

However, we strongly advocate no consumer should feel coerced to receive and/or pay energy bills online. Where it is the consumer's choice to continue to receive paper bills this should be respected and at no cost to the individual.

### **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?**

COTA Australia believes switching to standardised terminology will require a codesigned education program. This program will need to be inclusive of all stakeholders but especially target customers of retailers required to change the wording on their bills.

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

COTA Australia contends the bill concept presented in the research prototypes is historically based and from a time when simple meters were read by a person visiting a property four times a year. However, we propose future energy bills must complement real time availability of energy use and cost data. For the best customer experience-oriented outcomes, they need to be able to access real time data (as collected by retailers). It is our proposition that energy bills need to evolve into a tool that consumers can use to compare products within and across retailers to ensure they are purchasing the product/s that best meets their individual circumstances.

We suggest that in future, every consumer should have access to data tools that enable the design of a bill that complements their needs and personal circumstances. As an initial step we suggest, for online customers, the availability of a button allowing a one touch move from a simple to a complex bill.

While bills may be used to prompt switching or changing plans, it will be important to regularly review the switching process. In part this can be achieved by checking in with consumers on a regular basis about how easy they found it navigating the change and whether the outcome met with their expectations. Further, we would suggest that some of the regulatory requirements associated with switching or changing plans need to be simplified or made more consumer friendly. For instance, the provision of 'required information' under the National Energy Retail Rules.