

Compliance Check

National Energy Retail Rules: billing obligations

Issued: April 2015

#2015-02

Energy bills are a critical part of a household budget and contain important information for customers about their energy use and the costs of their service.

Under the Australian Energy Regulator's *Compliance Procedures and Guidelines*, retailers are required to report breaches or possible breaches of the National Energy Retail Law and Rules. The AER has issued this Compliance Check to remind retailers of their obligations under the Retail Rules.

Retailer requirements

Part 2 of Division 4 of the Retail Rules sets out requirements that energy retailers must comply with when billing customers. These requirements cover a range of practices, including the basis for calculating bills, the frequency and content of bills, undercharging and overcharging, and billing disputes and errors. Over the past six months, the AER has received a number of reported breaches in relation to the following billing provisions under the Retail Rules:

- Rule 24(1): A retailer must issue bills to a small customer on a standard retail contract at least once every 3 months.
- Rule 26(1): The pay-by date for a bill must not be earlier than 13 business days from the bill issue date.
- Rule 31: Where a small customer has been overcharged by an amount equal to or above the **overcharge threshold**, the retailer must inform the customer accordingly within 10 business days after the retailer becomes aware of the overcharging.

Overcharge threshold

The Retail Rules set a threshold amount over which residential and small business customers may direct retailers to repay an overcharged amount. For amounts less than \$50, generally, the retailer must credit the amount to the customer's next bill. If the amount is more than \$50, the customer can direct an alternate method for repayment or have the amount applied as a credit on the next bill.

Content of bills

Rule 25 requires a retailer to prepare a bill so that a small customer can verify that the bill conforms to their contract. Retailers must include certain 'particulars'—summarised as follows:

- customer's name, account number, address, meter number, date of issue, billing period and the pay by date
- total amount payable, including amounts owing and credits (such as discounts or rebates)
- date of meter read, consumption, or that an estimation was used and date for the next read
- tariffs and charges applicable and the basis on which they have been calculated
- average daily consumption for the billing period and comparison to the same period in the previous year
- a telephone number for complaints and account enquiries, and a separate 24 hour telephone number of the distributor for fault enquiries and emergencies
- payment methods available such as credit card, direct debit or BPAY
- applicable government concession or rebate schemes and any amounts deducted or credited
- electricity consumption benchmarks (for residential electricity customers).

Good practices - bill content

- Use a readable size font.
- Where a pay-on-time discount is available, clearly label the total amount due with and without the discount.
- Provide a line item stating the tariff or plan and the meter reading type.
- Show the unit price in the calculation of total amount.
- Use bold headings and subheadings to differentiate prices or tariffs.
- If a price change has occurred across a billing period (due to price change, seasonality or tariff blocks), outline the different prices which were applied.
- Use minimal advertising on the bill.
- Define usage and charges clearly.
- Name concessions and discounts and the period they applied.

Good practices - billing process

- Billing delays occur for different reasons: internal process errors, third party problems, or a lack of metering data. Retailers should provide customers with clear, timely and accurate advice about any billing delays. This will assist the customer plan for the arrival of the bill.
- Where an estimated read is used, it can be good practice for retailers to proactively take steps to request the data from the meter reader and notify a customer as to why estimation has been used.
- Undercharging and overcharging can occur for many reasons and good practice is to inform the customer of that an over or undercharge has occurred and their rights.

February 2014, *National Energy Retail Law: Small customer billing review*—available on the AER website at www.aer.gov.au/node/23817

Responsibility for compliance

Compliance with the Retail Law and Retail Rules is the responsibility of retailers and distributors. The Retail Law requires a regulated entity to establish policies, systems and procedures to enable it to efficiently and effectively monitor its compliance with the requirements of the Law, the National Regulations and the Rules (section 273).

Retailers and distributors must comply with the requirements of Part 2 of the Retail Rules with respect to billing customers. This includes having appropriate systems and processes in place so that customers are billed in accordance with the Retail Rules and Retail Law and they receive bills that are accurate, timely and the costs are easily understood.

AER approach to compliance

Instances of potential non-compliance with the Retail Law and Retail Rules are assessed by the AER in accordance with its Statement of Approach (available on the AER website). The AER will consider a range of factors in deciding on an appropriate response to particular conduct, and will take steps with the regulated entity involved.

Part of the AER's response may include issuing a Compliance Check for the broader industry to highlight the relevant obligations and to emphasise the importance of effective compliance processes and systems.