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Submission on Australian Energy Regulator consultation 'Developing the Better Bills Guideline' – Consumer-wise Consulting, September 2021

Key points

- The Guideline should not prescribe the detailed design of bills - like most regulators, the AER does not have the necessary deep design skills and practical customer engagement experience
- There is little or no benefit for consumers in different businesses' bills being precisely the same, and regulating for this in the Guideline would inhibit innovation
- Different consumers may have different needs in terms of the content and design of bills. The Guideline should enable and encourage creative, flexible approaches that meet different consumers' needs rather than taking a one-size-fits-all approach
- Regulated businesses may have the skills to engage customers well through billing, but they may not always have an incentive to do so. The Guideline should seek to combat this in two ways:
    - It should focus on what bills need to achieve, and hold businesses to account for delivery of this i.e. the guideline should largely be framed round consumer outcomes
    - It should then require the inclusion of particular elements and ensure these are used accurately and consistently, but not go beyond this.
- The apparent research findings that consumers value comprehensive bills feel counter-intuitive in light of other work on the use of information and these should be treated with caution.
- The AER-BETA partnership and the use of behavioural insights is very welcome, as is the qualitative research with CALD and older consumers. The AER (and ideally the AEMC too) should explore future use of 'real life' field randomised control trials (RCTs); and there should be a wider project on customer communication and engagement.

Introduction

The approach in this submission is informed by experience of regulation in different sectors (including having worked on many of Ofgem's interventions in relation to customer information and engagement), consumer advocacy, and better regulation.

Our philosophical starting point is that while it is important that consumers receive clear and timely information about key aspects of their energy supply, requiring too much information in customer communications can inadvertently harm the consumer interest. There is an important role for regulators in relation to information and engagement, but regulators are often not best placed to design the details of customer communications, and they should resist the temptation to add ever more information to regulated communications unless they have compelling evidence that a wide range of consumers will engage with it.

We are also acutely aware that ensuring consumers have the information they need to protect themselves and get the best deals in the market requires a focus well beyond bills alone. Policymakers have historically placed undue weight on utility bills as the primary means of communication and prompt for engagement, although as the BETA research notes consumers themselves tend to use bills for relatively limited purposes – and some do not look at them at all. The narrow rule change proposed to the AEMC did not take a broader perspective on engagement and communication. We would encourage the AER to consider the broader picture around consumer engagement, empowerment and protection, and the place of bills within it, both as the Guideline is finalised and in further work on customer communication and engagement.

The AER's aim of '*developing a Better Bills Guideline to simplify energy bills and make them easier for consumers to understand and use*' is a very good one, although there is a risk that the AEMC rule might be interpreted as encouraging steps in the opposite direction. Regulators and governments have historically demonstrated a tendency to rely too heavily on information remedies to fix failing markets, and in doing so to over-estimate consumers' capacity and desire to engage with and respond to large volumes of information. This is a chance to target what consumers really need in bills, but this will require a focused, disciplined approach, resisting the temptation to add information requirements on the basis that they might possibly prove useful for some consumers at some stage.

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 most important insight from the BETA work is the confirmation of what we already know about how consumers use bills.

The BETA report says:

'*Most consumers use the bill to find out how much to pay (although this may be optional for direct debit consumers). Consequently, the most-read bill elements are the ones relevant to paying the bill: the amount owing, and the due date.*

Bills are used for a variety of related purposes. Other popular uses consumers selected include:

• *finding out how much energy they have used,*

• *checking how their bill was calculated, and*

• *finding information about their energy plan.*

A substantial minority identified other ways they use the bill, including for complaints, seeking financial help, or to find interpreter services.'

There is potentially a gap between this and the AEMC's more expansive objectives for bills set out in its rule change:

'*The objective of a bill (bill objective) is to provide billing information that enables small customers to easily understand:*

(a) payment amounts, dates and methods;

(b) how their bill is calculated and whether it conforms to their customer retail contract;

(c) their energy consumption and production, and related costs and revenue, to assist with:

(i) using energy efficiently;

(ii) comparing their customer retail contract with other energy offers available to them;

(iii) considering options for energy supply other than through the distribution system;

(d) how to dispute or raise a query in relation to their bill;

(e) how to access interpreter services and seek financial assistance; and

(f) how to report a fault or emergency.'

The BETA research confirms that different consumer use bills in very different ways. Consumers primarily use bills for (a), with some using them for (b), (d), (e) and (f). Some consumers use bills for aspects of (c), though the AEMC articulation of this seems to go much beyond what most people actually do.

The BETA online research suggests that some consumers would be interested in having more information along the lines of the rule change objectives, and this is reflected in the qualitative research with older consumers too. We would urge caution in relation to this finding, given the weight of other work on consumers' use of information, and we suggest that this counter-intuitive insight might be the result of the research approach adopted here.

Actual consumer use of bills seems to be fairly consistent over time, no matter how much regulators and other policymakers might want people to change. It is almost exactly a decade since Ofgem consumer research on billing[1] found that:

'*On receipt of a bill, bill payers want to know and expect to be able to establish quickly:*

- *How much to pay (or how much will be taken out of their account for those paying by direct debit);*
- *When to pay it; and for some also*
- *If they are in credit or debit (this is relevant to Direct Debit customers who pay a fixed amount across the year).'*

'Some customers are also keen to see the detail behind the bill, such as units used and whether the bill is based on actual or estimated meter readings. Consumers are not averse to other information appearing on the bill, provided it does not detract from the information they really want to find and understand.'

[1] https://www.ofgem.gov.uk/publications/price-increase-notification-letters-summary-box-bills-tariff-information-labels-and-annual-statements-research-report-spa-future-thinking

This is remarkably similar to the BETA findings, that '*The main purpose of energy bills is to enable customers to make a payment. 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*.'

The fact that there are 10 years between the two pieces of research, with numerous changes in the market and various attempts to influence consumers' use of billing information, indicates how deep-seated consumer behaviour in relation to bills is. Many consumers might say they like the idea of additional information on bills; but when it comes to the actual use of bills, needs generally seem to be more basic and unchanging.

This is of course not the case for all consumers – some may make more use of additional information, not least because of newer products such as solar PV. But the evidence seems to suggest that this will be a minority, and it is worth exploring how the provision of more information on bills to benefit a minority of consumers might impact the needs of the majority in using bills (unless businesses are able to customise bill formats and content to suit different consumers).

The AER's strategic partnership with BETA is very welcome, as is the qualitative research with CALD and older consumers. Behavioural insights and consumer research should now be a standard part of the regulatory toolkit and underpin regulators' interventions in areas like billing. Randomised control trials (RCTs) are an important way of informing, testing and refining proposed interventions. Ideally this approach would be part of the AEMC rule-making process too.

One of the main benefits that many RCTs offer compared to more standard quantitative and qualitative research approaches is the ability to observe how consumers behave in a real-life setting. This is important because what consumers say they do, or would do in a particular situation, can vary from what they actually do. This gap between reported and actual behaviour may be for a variety of reasons, including embarrassment (they don't want to admit to something that might be seen as socially unacceptable), giving a more positive account of themselves (so they say they do more of something that might be perceived by others to be positive behaviour), shaky recall (they can't actually remember or don't know what they have done in the past) and/or optimism (they perceive something as positive and so like to think that they have done more of it).

RCTs can cut through all of this by monitoring the behaviour of different groups of consumers in real-life settings and seeing how different interventions affect this behaviour. Ofgem for example has published the results of 10 field RCTs relating to consumer engagement, looking at how over 1.1 million customers actually behaved with presented with different forms of communication[2].

The BETA research does not test consumer behaviour in a real-life setting, but rather presents different groups of consumers with different bill formats and asks them what they would do were they to receive a bill like this. This approach still provides useful insights (and it was also broadly the method used by the Behavioural Insights Team in its earlier work for

[2] https://www.ofgem.gov.uk/sites/default/files/docs/2019/09/cross_trials_paper_report.pdf

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the ACCC[3] and Essential Services Commission[4]) but it is some way off giving the insights provided by a real-life 'field trial' RCT and has some of the limitations of standard quantitative research. As BETA acknowledges in its caveat (and then explains in more detail on p38 of its paper), '*stated preferences do not always match actual preferences.*'

In a real-life RCT on billing, consumers in the trial would receive one of the bills being tested, and their resulting actions would be monitored – for example, whether participants switched to a different plan with their current retailer or to a new retailer. Follow-up / parallel research could then be undertaken to explore in more detail how consumers actually engaged with different elements of the bill.

This limitation to computer-based, more hypothetical RCTs is important because it impacts on how the findings of the BETA project should be interpreted.

The stand-out finding from research is the apparent comfort of participants with more rather than less information on their bill. This appears to be at odds with current consumer use of bills and what we know more generally about how consumers use information. BETA comments that '*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.*'

While acknowledging the limitations of the method, in terms of the likely gap between stated intentions and actions, BETA comments that '*Nonetheless, intentions are a necessary precursor to action so we typically assume that an increase in intentions will lead to some (smaller) increase in action*.' This could be taken as supporting the case for more rather than less information on bills, so long as it is well presented, even if fewer people than found in the research may use this information in reality. Similarly the qualitative research with older consumers appears to find that participants liked more comprehensive bills, partly because they accommodate the differing needs of more people, partly on a just-in-case basis (i.e. the information might be useful at some point and there is no harm in including it) and partly through a desire to make use of blank space on bills.

These findings feel counter-intuitive and at odds with what is known about how consumers use information and how they actually make use of bills in practice. 'The Behavioural Insight Team has for example noted[5] that '*Studies have found that in some cases providing more information can confuse rather than aid comprehension… Consumer decision making can also be improved by simplifying information provision*.'

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[3] https://www.accc.gov.au/system/files/BIT%20Final%20report%20-%20Testing%20comprehension%20of%20the%20reference%20price.pdf
[4] https://www.esc.vic.gov.au/sites/default/files/documents/BIT%20Report.pdf
[5] BIT, 'Testing comprehension of the reference price' https://www.accc.gov.au/system/files/BIT%20Final%20report%20-%20Testing%20comprehension%20of%20the%20reference%20price.pdf

One aspect of the BETA report may be particularly revealing in this regard. BETA reports that: '*We found no positive impact of including a definitions box on comprehension. This result was a surprise as we asked a series of comprehension questions that should have been easier to answer with clear definitions. If anything, our results suggested the group who received definitions may have performed worse on these questions. We are unsure why this might be*.'

This finding is entirely consistent with our understanding of how consumers use information and this outcome is unsurprising. Providing more technical information to consumers, even where this involves adding definitions, is likely to have a negative impact on behaviour, because it complicates consumer engagement. Many consumers are unlikely to understand or want to know what 'Kilowatt-hours' means, and adding a definition is most likely to increase, not reduce, confusion or disinterest. The finding in the older consumer qualitative research that '*Technical terms generate interest'* feels like a highly unusual response, which we suspect is unlikely to be replicated in practice, for the majority of consumers at least.

Research by the UK consumer advocacy body Citizens Advice[6] aimed to measure the time needed by consumers to engage effectively across different markets, concluding that following a 'good' process takes longer than a 'natural' process. Adding more detail and expecting consumers to spend more time as a result reduces rather than increases satisfaction:

'*Our research adds to the growing body of evidence showing that certain features of regulated markets in particular (e.g. complexity, level of enjoyment people derive from engaging) make them very difficult for consumers to engage with. The clear implication of our findings is that spending more time will not necessarily increase consumer satisfaction. This undermines a key assumption in markets - why should consumers spend the time trying to find better deals if it makes them less satisfied? Why should they be encouraged to read terms and conditions if it makes them even less confident than those who don't?*'

So in our view the research does not persuasively challenge the pre-existing insights into consumers and bill, which is that consumers use bills for limited purposes, simpler bills are better than more complex ones, and many well-intentioned moves by policymakers to add information to bills in order to increase engagement are likely to have the opposite effect. We consider this further in relation to question 2 below.

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

Regulators and governments in different nations and sectors have demonstrated a persistent tendency over many years to rely too heavily on information remedies to fix failing markets, and in doing so to over-estimate consumers' capacity and desire to engage with and respond to large volumes of information.

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[6] Citizens Advice, Against the clock: Why more time isn't the answer for consumers', 2016 https://www.citizensadvice.org.uk/Global/CitizensAdvice/Consumer%20publications/Finalreport-Againsttheclock.pdf

This is for a number of reasons, including:

- An insufficient understanding of consumers' real lives
- Inadequate insight into the diversity of consumers and a tendency to consider consumers as if they were all the same
- A tendency to assume that consumers are like the policymakers, in their knowledge, capabilities and interests
- Assessment of the value of each additional piece of information in isolation, without thinking about how the total weight of information might affect consumers' behaviour in engaging with it
- An instinctive but unevidenced belief that consumers behave perfectly rationally and just one more piece of information will make a difference
- A narrow focus on individual markets, which fails to recognise the volume of decisions that consumers are expected or required to make across different sectors and how consumers might respond to this onslaught.

This tends to get worse over time, as well-intentioned but misguided intervention adds more and more information for consumers. This is not just ineffective, but actually harms the consumer interest, as the volume of information confuses consumers and/or discourages them from engaging with it. The issue is the focus of a 2020 book[7] by behavioural insight guru Cass Sunstein, '*Too Much Information*, the 2007 UK Better Regulation Executive paper[8] '*Warning: Too Much Information Can Harm*' and numerous articles and books on 'attention management' and 'confusopoly.'

One potential driver of this is that while consumers use services provided by a range of sectors, many regulators and businesses are sector-specific and so do not consider the volume of information provided and expectations made of consumers more generally. Energy consumers are also water consumers, telecoms consumers, banking consumers, etc. This is an issue considered by the academic Jonquil Lowe[9], who comments:

'*The regulators engage actively in trying to reduce barriers to consumer engagement… Their policies are diverse, for example, increasing the information provided to consumers, requiring providers to simplify their range of services and improving price transparency. Research and policies generally focus on the market for each service individually. There is a lack of research into the impact that engaging simultaneously in multiple markets might have on consumers' behaviour and attitudes and so whether some overarching policies might be appropriate or possible… In particular, while consumer engagement in any one market might not seem onerous, it seems reasonable to suggest that the time and effort required increase when multiplied across all the markets with which consumers are expected to engage*.'

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[7] https://mitpress.mit.edu/books/too-much-information

[8] https://web.archive.org/web/20071004031432/http://www.ncc.org.uk/nccpdf/poldocs/NCC168pd_warning_too_much_information.pdf

[9] '*Consumer behaviour and attitudes when shopping around for multiple financial and household services*', IKD Working Paper No. 80, December 2015, https://www.open.ac.uk/ikd/sites/www.open.ac.uk.ikd/files/files/working-papers/IKD%20Working%20Paper%20No_%2080.pdf

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Regulators themselves, especially in financial services, are starting to acknowledge the limits of information remedies. A 2019 report from the Australian Securities and Investments Commission (ASIC) and the Dutch Authority for the Financial Markets (AFM)[10], '*Disclosure: Why it shouldn't be the default*', found '*how overloaded the expectations on disclosure and consumers can be; and why firms providing mandatory information does not necessarily result in 'informed consumers' and often does not correlate with good consumer outcomes*.' The ASIC deputy chair Karen Chester commented[11] that the paper reported on '*three decades of research and evidence to explain why mandated disclosure and warnings have all too often failed to deliver intended consumer outcomes. Or even worse, have backfired, contributing to consumer harm… disclosure has been expected to do too many things that it is not equipped to do.*'

She contrasted the weakness of regulated information with the tools used by businesses to persuade consumers:

'*This weak traction of disclosure is in stark contrast with the persuasive power of what Robert Cialdini describes as the 'weapons of influence' used by firms. Think advertising. Think marketing. Think sales tactics – face to face and now online with real time nudges informed by smart algorithms. But also more subtle and oftentimes more impactful weapons such as the creation of trust through social factors, the manipulation of emotion, the strategic timing and ordering of offers, the use of defaults and sludge, and the list goes on. All of which can be used at every stage of product design and distribution. The choice architecture. And the future of choice architecture in a world of real time nudges by smart phones powered by smart algorithms fuelled by consumer data.*

'And today in Australia these weapons of influence have too often been used to nudge consumers towards products and services that are not fit for purpose or that prioritise commercial interests over consumer outcomes.'

Another very recent research paper[12] reports on the results of randomised controlled trials with 124,000 savings account holders in the UK. This very large-scale piece of research found that the provision of information did not generally stimulate consumer action, even where there were financial benefits, essentially because consumers had a limited amount of attention and did not perceive the benefits of engagement and action.

The study suggested that while there might be an understandable focus on trying to improve the effectiveness of information remedies, this would most likely have very limited impact in the short to medium term. The authors comment:

'*Our qualitative research further indicates that while optimizing disclosure design can improve its effectiveness on the margin, inattention is a fundamental barrier to disclosure usefulness. Accordingly, when regulators independently consider whether to mandate each*

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[11] https://asic.gov.au/about-asic/news-centre/speeches/consumer-outcomes-a-truth-universally-acknowledged/

[12] P. Adams, S. Hunt, C. Palmer et al., *Testing the effectiveness of consumer financial disclosure: Experimental evidence from savings accounts*, Journal of Financial Economics, Volume 141, Issue 1, July 2021 https://doi.org/10.1016/j.jfineco.2020.05.009

disclosure without accounting for externalities diluting the salience of other disclosures, the low expected return on attention to any given disclosure can reinforce beliefs about the low value of reading the fine print. Moreover, any reform to disclosure design is likely to improve outcomes only slowly as consumers adjust their expectations on the optimal level of attention.'

This is all important context for any consideration of what should be included in energy bills. The evidence from different sectors points to the danger in trying to use mechanisms such as bills to change consumer behaviour, and the risk that efforts aimed at engagement through extra information on bills may reduce many if not all consumers' engagement levels.

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

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

The consultation note says '*We are considering ways in which good design principles could be incorporated within our Guideline. Options include articulating design principles that may or must be followed in bill design, prescriptive rules regarding design elements, standardisation of terminology and/or bill elements*.'

We are strongly of the view that the Guideline should not include prescriptive rules or detailed design principles. Businesses are generally far more likely than regulators to have the skills and expertise to design high-quality customer engagement materials, and regulators should hesitate before they try to become designers. This is not an area of expertise for the AER, nor should it become one.

Regulated businesses may have the capability to engage customers well, including through the design of excellent materials. However they may lack the incentives to apply these skills in the consumer interest, especially in relation to information which may prompt and enable their customers to compare offers.

The rule change proposal[13] noted that '*retailers must provide information on the components of applicable tariffs, but often describe them in different ways such as 'supply charge', 'service to property charge', 'service charge' or 'fixed charge'*.' Inconsistency like this may confuse customers and make it harder for them to work out if they are getting a good deal, and it is appropriate for such terms to be specified in the Guideline. More broadly it is also reasonable for regulators to consider how best to support consumer comparisons of offers and then act on these comparisons, but it should not be assumed that the bill is definitely the best place for this, and this needs to be guided by real-life testing.

It is not obvious that there is significant consumer benefit in requiring every bill to be in precisely the same format, not least because consumers' needs are likely to vary; and requiring uniformity removes any scope for innovation by businesses.

[13] https://www.aemc.gov.au/sites/default/files/documents/rrc0036_rule_change_request_pending.pdf

The experience of the British energy regulator Ofgem in this area is very instructive. It used to have detailed licence conditions prescribing the format of bills, and indeed made these more specific over time, in the hope of increasing simplicity, clarity and fairness. But in 2019 it took a decisive step in a different direction, recognising the limitations of this stance and moving to a more principles-based approach[14]. It stated that a reframing of the rules (would '*enable suppliers to take different approaches to meet the diverse needs of their customers (including the vulnerable), while putting responsibility firmly on suppliers to deliver positive consumer outcomes*.'

The relevant licence condition[15] (which though principle-based is enforceable) now specifies:

'*31H.1 The licensee must ensure that each Domestic Customer is provided with Relevant Billing Information, and where relevant Bills or statements of account, in a Form and at a frequency that is sufficient to enable that Domestic Customer to understand and manage the costs associated with their Tariff and the electricity they consume.*

31H.2 In complying with paragraph 31H.1 the licensee must take into account: (a) that Domestic Customer's characteristics and current Tariff's features; and (b) where appropriate, that Domestic Customer's preferences.'

The Behavioural Insights Team goes further still in considering an outcome-based approach in the context of financial services regulation[16], when it asks '*If disclosure isn't enough, where should financial regulators look next? We think one answer is to start holding firms accountable for the outputs of customer decision-making ("Do your customers buy the product that actually turns out to be right for them?") as much as for the inputs ("Is it theoretically possible to make the right choice based on the information provided?").*'

We suggest the AER can take three important points from Ofgem's change of direction:

- The move away from detailed prescription towards a focus on consumer outcomes
- The encouragement for businesses to innovate
- The expectation that businesses should aim to take account of the preferences of individual consumers.

Consumer outcomes, innovation and individual preferences are all concepts that are embedded in the *AER Strategic Plan 2020-2025*, so this kind of approach would be consistent with the AER's wider strategy.

It is worth noting that Ofgem's approach is not a complete free-for-all – it also specifies and defines certain elements that must be included in the bill and other communications. But it allows the space for innovation and a focus on individual customer needs, while holding businesses to account for effective delivery for consumers.

[14] https://www.ofgem.gov.uk/publications/final-decision-domestic-supplier-customer-communications-rulebook-reforms

[15] Condition 31H - https://epr.ofgem.gov.uk//Content/Documents/Electricity%20Supply%20Standard%20Licence%20Conditions%20Consolidated%20-%20Current%20Version.pdf

[16] https://www.bi.team/blogs/beyond-disclosure/

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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 AER should consider several issues:

- Should the comparison be limited to offers from the customer's existing retailer, or does it cover offers from all retailers?
- If it is just the existing retailer:
    - Does this inadvertently reduce switching to other retailers?
    - What is the net outcome for consumers overall (i.e. if more consumers switch offer and each make a moderate saving, how does this compare to fewer consumers saving more money by switching to a different retailer)?
    - Are there any distributional effects (i.e. are some consumers better off and others worse off, and if so who is in which group)?
- If it is all offers, does this feel too big a step for some consumers and discourage them for seeking a better offer from their current retailer? And again what are the distributional and net impacts?
- Are there variables other than price that consumers might want to take into account in judging what is 'best', such as service? ('Cheapest' may be a more accurate term to use.)
- Who is the most effective messenger for this information (e.g. the retailer or an independent body such as the AER)?
- Where is this information best communicated (e.g. in bills or discrete and targeted communications such as a letter)?

It is not necessary to speculate on how consumers might respond to this kind of information, given that it is possible to test it for real. This is an issue that could usefully be explored in a real-life RCT, as Ofgem did in its 2018 cheaper market communication trial[17], which involved 600,000 customers of five retailers.

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

As noted above, we suggest that the Guideline is framed around consumer outcomes rather than prescriptive rules, and that businesses should have the opportunity to innovate to meet the needs of different consumers, subject to requirements about the inclusion of certain elements and the consistent and accurate use of certain terms.

[17] https://www.ofgem.gov.uk/publications/cheaper-market-offer-communication-trial

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

There may be some cost savings in businesses having greater control of how they communicate. But the changes discussed here would not necessarily reduce the cost to serve – indeed offering different bills to different groups of consumers could potentially increase some costs. They should however increase the quality and effectiveness of billing communication, so offering greater value for money.

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 most apparent issue is the limited timescale resulting from the AEMC rule change, which will make it hard to conduct a meaningful RCT on best/cheapest offer before the new Guideline has to be in place. This could point to the need to make/explore changes in phases, recognising that this too could create additional costs for businesses – although it could be that any best/cheapest offer information is best communication alongside rather than on bills. We suggest that the AER does not seek to tackle all customer communication and engagement issues within the current Guideline review, but instead take a limited approach and then establish a wider project on customer communication and engagement.

Conclusions and recommendations

1. The Guideline should not add to the complexity or length of bills.
2. The Guideline should not specify detailed design rules or principles but instead be framed around consumer outcomes.
3. The Guideline should require the inclusion of particular elements and ensure that certain terms are used accurately and consistently.
4. In finalising the Guideline, the AER should consider different purposes for and means of engaging consumers and the place of bills within this. It should then establish a further project on customer communications and engagement, and that this is supported by a working group with a broader remit than the current billing guideline working group.
5. The AER (and ideally the AEMC too) should explore the use of 'real life' field randomised control trials. This would be an ideal way of testing the best/cheapest offer concept in practice.

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About Consumer-wise Consulting

- Consumer-wise Consulting was established by Philip Cullum in 2021 to advise on strategy, governance, policy and engagement in relation to consumers and regulation.
- Philip is a Board member of Consumer Action, Consumers' Federation of Australia and the Clean Energy Council, a member of the Code committee for mutual banks, and a member of the financial ombudsman AFCA's expert panel. The analysis set out here should not be taken as representing the views of any of these organisations.
- Philip was previously Consumers and Sustainability Partner at the UK energy regulator Ofgem and Senior Advisor at the Australian Competition and Consumer Commission then the Australian Energy Regulator.
- He has also been a member of various UK panels advising regulators and regulated businesses in water, aviation, food safety and financial services.
- He was appointed by ministers to the UK's Better Regulation Commission, Risk and Regulation Advisory Council and Regulatory Policy Committee.

Contact: [redacted]