



Developing the Better Bills Guideline

Consultation Questions

Why we are consulting

The Australian Energy Regulator (AER) is developing a Better Bills Guideline to simplify energy bills and make them easier for consumers to understand and use. Our goal is to create a Guideline that ensures bills meet the needs of consumers, now and into the future, in an efficient way that minimises cost and enables industry innovation.

We are seeking your input and feedback on the key issues and insights you consider we should have regard to in developing the draft Guideline, and more broadly. Your input will help ensure we listen to and understand the issues you consider are important as we prepare our draft Guideline, which we are aiming to publish for consultation in late 2021.

When answering the consultation questions, we encourage you to consider (where relevant):

- the relative costs, benefits, risks and opportunities related to the issues discussed in the consultation questions and our consumer and behavioural insights research – for consumers, businesses and other stakeholders
- whether there are opportunities to simplify the retail market regulatory framework (for billing and related matters) to encourage effective competition and reduce cost to serve, noting the potential for benefits to both energy businesses and consumers
- if there is additional or new quantitative and/or qualitative information, data and insights (including de-identified case studies) you are able to share with the AER to support your views and assist our early considerations.

AER consumer and behavioural insights

The AER wants to ensure that energy bills are simple and easy to understand. We are prioritising improving consumer outcomes while reducing cost to serve by our boosting consumer and behavioural insights and applying them across AER initiatives, including our guidelines ([AER Strategic Plan 2020–2025](#)).

We have a strategic partnership with the [Behavioural Economics Team of the Australian Government \(BETA\)](#). Consumer and behavioural insights, including insights provided by BETA, are informing our development of the Guideline.

During 2021, we have been working with BETA to test consumer comprehension and opportunities to improve energy bills with over 6,000 consumers in National Energy Customer Framework areas. We have used a variety of research tools including an online survey, literature review, randomised controlled trials and focus groups to reach a wide variety of consumers with diverse needs and interests.

The literature review and findings of the survey and randomised controlled trials are available from BETA's website [here](#). The focus group findings are available from the AER's website [here](#). Please note page numbers used throughout this document refer to BETA's interim report.

In light of these new insights, we are interested in both general and specific feedback stakeholders may have about our research findings.

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?

Improving energy bills

We want to ensure the Guideline is effective and balanced in addressing the current key problems with energy bills. Our goal is to ensure energy bills are simple and easy to understand. We note the many useful insights stakeholders provided during [the AEMC's public consultations](#). As we prepare our draft Guideline, we are interested in further reflections stakeholders may have in light of any recent developments and research, including the AER's consumer insights.

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

You may wish to consider what are the causes of current problems, and any barriers to making bills simpler and easier to understand.

Making energy bills simple and easy to understand

We are seeking your views about the ways the AER could consider making bills simpler and easy to understand. This includes considering how the volume and type of information on bills, bill layout and use of design principles can impact consumer and market outcomes.

Our research also notes that established design principles (such as simple language, visually attractive presentation, careful structure and salience or prominence) can support comprehension (BETA, pp. 13 and 19).

In the context of a bill that includes good design principles, our consumer and behavioural insights indicate that some consumers benefit from detailed billing information. For example, our research has found that comprehension of key bill concept is highest (67%) where a (well designed) bill is comprehensive (BETA, p. 19).

We also found that consumers value having a range of information on their energy bills, with a large majority of respondents indicating they value existing and additional information (BETA, p. 11). Other research and some stakeholders have noted that both consumers and energy businesses would prefer simpler energy bills containing less information.

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

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.

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

In answering question 3, you may wish to consider:

- what should be specified in the guideline, either as mandatory requirements or design principles, or left to the discretion of the retailers

- the aspects of billing information you consider are ‘nice to have’ compared to ‘essential’ or ‘must have’
- whether including a ‘plan summary’ and/or definitions of key or complex terms may assist consumers to understand their bills (BETA, p. 24)
- insights and testing about the length and layout of bills (BETA, p. 19)
- how best practice design principles can help make energy bills simple and easy to understand (BETA, p. 13)
- whether there are or have been effective approaches in other markets or internationally that could be considered or applied, particularly where the impact and cost/benefit of these approaches has been measured.

‘Best offer’ information

Where energy bills include information about a retailer’s ‘best offer’, this can make it easier for consumers to understand if they could benefit from a different offer with the same retailer.

‘Best offer’ information has also aimed to remove some of the friction costs consumers face when shopping around without this information, and could prompt market engagement. For example:

- the Victorian Essential Services Commission has noted best offer information promotes transparency in the energy market and helps customers to understand whether they can access a better offer from their retailer (ESCV, [New Standards for Energy Bills and Marketing](#), 2018)
- UK regulator Ofgem also introduced a cheapest tariff message to increase consumer awareness of benefits available by switching and encouraging engagement (Ofgem, [Domestic Supplier–Customer Communications Rulebook Reforms](#), 2018).

In the AEMC’s consultations, views diverged about the costs and benefits of best offer information.

BETA’s research found that including best offer information on a bill increased the proportion of respondents suggesting the bill recipient should compare their plan or switch to a better one, from 5 and 7% to 12 and 16% (for the respective trials). Three quarters of respondents said they would value this information on their bill (BETA, p. 29). (Further information on ‘best offer’ options will be provided in the final research report, which we anticipate publishing in October 2021.)

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?

Simplifying the regulatory framework and reducing cost to serve

The AER is advocating to simplify the retail market regulatory framework, to encourage effective competition and reduce cost to serve, delivering benefits for all consumers.

Some retailers express concerns that the number of regulatory requirements for bills is increasing cost to serve and inhibiting innovation. This can impede competition and increase costs for consumers.

Through our consultation on the Guideline, we are examining if there is scope to simplify the regulatory framework for energy bills. We are interested in hearing from stakeholders, in particular energy retailers, about opportunities to simplify the billing regulatory framework.

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

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

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?

Other views and information

We invite stakeholders to share other insights, information and views you consider the AER should be aware of as we develop our draft Guideline, which we anticipate publishing for consultation from mid-November 2021.

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