EnergyLocals
+energytrade

11 Newton Street
Richmond, VIC 3121

31st October 2022

General Manager
Strategic Policy and Energy Systems Innovation
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Madam/Sir,

Submissions of the draft Better Bills Guidelines (Version 2)

Energy Locals Pty Ltd (ACN 606 408 879) (**Energy Locals**) welcomes the opportunity to make submissions to the Australian Energy Regulator (**AER**) on the draft Better Bills Guidelines (Version 2) published on 23 September 2022.

Energy Locals currently operates in New South Wales, Queensland, South Australia, the Australian Capital Territory, Tasmania, and Victoria. Ranging from offering our customers wholesale rates to being a part of a virtual power plant, our customers are able to choose the most suitable energy plan for them from an array of unique propositions we offer under the Energy Locals retail authorisation.

Our Company ethos is being customer obsessed and transparent with our customers. As such, we regard the AER's introduction of the Better Bills Guidelines an excellent resource for us to better serve, and communicate vital information to, our customers.

While we confirm our compliance with phase 1 of the Guidelines, this submission is to provide some feedback on the proposed changes set out in the draft version 2 of the Guidelines.

1. <u>Feedback on the amended guidelines on the Better Offer</u>

   As set out in a previous submission we made to the AER on 22 September 2021, Energy Locals offers some unique products to customers as part of a virtual power plant (**VPP**) or with batteries.

   These customers receive a special plan that is tailored for the VPP circumstances. Being part of the VPP requires customers to allow the VPP operator to optimise their battery so that customers can collectively contribute to grid stabilising activities or benefit from grid events.

   The batteries are programmed for optimisation and VPP activities, meaning that throughout the day the battery software responds to events and chooses whether consumption comes from the grid, the solar panels, or batteries.

   This functionality is available exclusively to VPP participants who are on the matching VPP electricity plan. If a VPP customer were to switch plans or retailers, the battery would return to its normal function.

   The better-offer calculation requires us to use each customer's usage history to calculate the cost of the best offer and compare it to their current offer, which is calculated by retailers using meter data.

However, under VPP functionality, the customer's grid consumption and exports are impacted by the VPP/optimization software. The usage patterns under the VPP would not be representative of that customer's consumption if they were on a non-VPP plan.

Hence, it is inappropriate to use meter data for a VPP customer to estimate the cost of another plan. This also applies for plans where a customer may not be participating in a VPP but utilises battery optimisation software that is uniquely tailored to a specific plan.

In these scenarios, comparing plans using the annual usage history misrepresents the costs that would be incurred by the customer on another plan. Their usage is fundamentally affected by the fact they have opted for these specialized plans and there is a risk that using a basic formula to compare offers may provide inaccurate information and mislead customers.

Therefore, we would appreciate some guidance in relation to addressing the better-offer calculation for unique propositions such as the example contained herein.

2. <u>Feedback on the proposed date change for retailer compliance with phase 2</u>

   Energy Locals currently manages more than 900 product combinations (price plans) across 10 major brands, utilising 3 different billing platforms, with multiple bill templates.

   While we are working to rationalize the above to ensure a more streamlined approach, we are still concerned that the current March 2023 deadline presents significant challenges to achieving an effective roll out of the requirements included in the Better Bills Guidelines.

   Working to the current March 2023 deadline will result in significant costs to our business arising from supplier costs as well as human resource commitment. We also anticipate an increase in potential risks and likelihood of errors in the implementation of the Better Bills Guidelines because of working to a condensed timeline.

   We support the inclusion of greater flexibility in the Better Bills Guidelines for the AER and its associated bodies to postpone the commencement date of Part 2 of the Better Bills Guidelines. Energy Locals proposes a minimum extension to the current deadline of six months, which will enable us to ensure full compliance with Part 2 of the Better Bills Guidelines at a proportionate cost to our business. During the implementation of Part 2, we also intend to look for other opportunities to help our customers understand billing information and an extension to the deadline would enable us to give this exercise the attention it deserves.

Energy Locals confirms our support in relation to introduction of the Better Bills Guidelines and will comply with the requirements set out therein. We also appreciate the additional guidance that the AER has provided in the form of illustrative bill examples. However, as stated above, further guidance in relation to calculation of the better offer for customers on one of our unique propositions and an extension on the date to comply with Part 2 of the Guidelines would support an effective implementation of Part 2 for the reasons set out above.

We look forward to receiving a favourable decision on the matter from the AER.

Yours sincerely,

Adrian Merrick
Chief Executive Officer
Energy Locals