

21 September 2021

Kathie Standen
Executive General Manager
Consumer Policy Team
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Lodged electronically: consumerpolicy@aer.gov.au

Dear Ms Standen



EnergyAustralia
LIGHT THE WAY

EnergyAustralia Pty Ltd
ABN 99 086 014 968

Level 33
385 Bourke Street
Melbourne Victoria 3000

Phone +61 3 8628 1000
Facsimile +61 3 8628 1050

enq@energyaustralia.com.au
energyaustralia.com.au

AER Better Bills Guideline

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

EnergyAustralia appreciates the opportunity to participate in the consultation, as a primary avenue of communication between retailer and customer, billing is vital for educating and establishing trust. The AER's Billing Guideline can facilitate the development of customer billing, that is suitable, and preferable, for a diverse demographic of customers in an evolving energy market.

BETA's research is an informative data set for consideration in the development of the Billing Guideline; however, EnergyAustralia caution unreserved acceptance of the findings, as highlighted in BETA's acknowledgement of the limitations¹, customer's real-world preferences do not align with the results from a survey environment.

EnergyAustralia view is that the BETA research should be considered along with existing customer preference findings, obtained through existing retailer and other stakeholder testing. In developing the Billing Guideline, the AER must consider that there is no billing format that will be suitable for all customers, it should not limit the ability for retailers to offer innovation and intuitive options for customers, and should have consideration for how the Billing Guideline can develop, i.e. the requirements can evolve along with better testing of customer preferences, therefore the initial does not require wholesale changes to current billing requirements.

Our responses to the AER's questions are formed from historical qualitative consumer testing we have conducted on billing preferences.

¹ BETA Better Bills Final Report pg.38

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 sample bills provided for comparison were not prime examples of the style they were intending to imitate, the responses received were therefore not representative of customer's preferences for the varying styles:

- The comprehensive bill included the primary data customers require in a bill, and was similar to how they want their current billing layout ordered, it would therefore have been preferable when respondents were asked to find specific data when answering survey questions.
- The white spaces on page 1 of the structured comprehensive bill makes it appear that key data had been omitted or excised, leading to lower trust in the bill.
- This basic bill has significant amounts of white spaces, but they do not appear to be for design or function, therefore they would also have created lower trust in the bill. Additionally, the basic bill lacked plan details and comparison data. Plan details gives customers an overview of rates, charges, discount period etc which helps them understand the discount amount and whether they need to review their plan if the term is expiring. The comparison data is a provides a way for customers contextualise the usage amount or the total charge, the usage amount is meaningless to customers without the ability to compare with previous periods or similar households.
- The tasks respondents had to do in the research are around finding data points. The ability to navigate and identify data points does not give any indication as to whether a customer understands the bill, finds it credible, can find information to explain the bill, and be happy to pay the bill. This just points to good user experience in the design rather than good customer experience in providing a customer with enough information to answer the questions *they* have about their bill. This research conflates the two which means it cannot be a guide for bill design, just for user experience within the design.

EnergyAustralia believes the research indicates that customers want information that is currently available on their billing, which is an understandable response as most people would look preferably on something they already have. However, we do not support the findings that a basic or less comprehensive bill is undesirable, as customers were not provided versions of those styles that were visually appealing in comparison to the comprehensive bill, they were not samples that had the primary data as a minimum (historical usage graphs), and responses were not representative of a real-world environment.

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

EnergyAustralia conducted co-design research with customers in July 2019, finding:

- Too many graphs make understanding the bill and locating key information more difficult.
- The 'seasonal comparison' graph is the most useful and required, which customer prefer as a simple bar graph.
- Less information on the front page is preferred. Customers are looking for a quick sense check i.e. discounts are applied and the amount appears correct. Additional information drives confusion and curiosity. Negative space on the bill assists customers in locating key information.
- The bill should clearly show the total amount with discount, the discount applied to the bill and the total bill before discount.

- Customers look to company logos, their personal information, and a consistent look and feel to confirm the bill is not fraudulent, and therefore safe to pay.
- Many customers do not go beyond the front page of the bill.
- Customers want to see plan information and rates, as it assists with comparisons and the bill sense check.
- Two-page bills are preferred.
- Home comparisons are polarising.
- Bill errors or complex information on the bill drive customer confusion that will result in calls to their retailer.
- Solar customers want to see their feed-in rate and the amount of Feed-in Tariff applied on the front page of the bill. Bills are not structured to reflect the normality of solar, consumers want reinforcement and information on their utilization of solar and it's benefit for them.

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

Remove household comparison graphs

As identified in our research, home comparison graphs are polarising. Too many graphs and tables can cause confusion and take up a lot of white space on a bill. Customers prefer simple and easy to understand information.

No reference prices

The reference price comparison can cause confusion, as the percentages and differences do not correlate with the customers plan, i.e. customers looking for the discount off their bill can be confused by a comparison against the reference price. Reference price information should be limited to change of benefit and price change notices.

Make it easy to locate key information

Key information such as, total amount payable, due date, billing period, and actual/estimated meter reading, must stand out and be easy to locate. This is assisted by keeping the front page concise, holding the information needed to reconcile the bill, and with targeted use of white space.

Help me to trust the bill

Fraud and cyber security are of increasing importance to customers. A consistent look and feel, personal information, email address, and company logo, are all aspects of the bill customers look to in order to know it's safe to pay.

Seasonal Comparisons

Customers have a clear idea of what their bill amount should be. When this differs, customers want to compare their current usage to the same season the previous year to make sense of any variance.

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

EnergyAustralia believes the Billing Guideline can achieve its objectives by limiting the mandatory requirements to the key 'essential' information. All other 'nice to have' information can be outlined within design principles. This approach would ensure there is some conformity to key information between retailers, while allowing retailers to differentiate outside of these elements.

Essential - mandatory information

First page

- The customer's name and account number.
- The address of the customer's premises for the sale of energy and the customer's mailing address (if different).
- The meter identifier.
- The billing period.
- The pay-by date for the bill and the bill issue date.
- Details of consumption or estimated consumption of energy.
- The total amount payable for the customer, including amounts of any arrears or credits.
- Whether the bill was issued as a result of a meter reading or an estimation, and if issued as a result of a meter reading, the date of the meter reading.
- Details of available payment methods.
- Telephone and additional contact methods, for account enquires, complaints, fault enquiries, interpreter services.
- Historical usage comparison graph.

Subsequent pages

- Tariffs and charges applicable to the customer.
- The basis on which tariffs and charges are calculated.
- The values of the meter reading (or, if applicable, estimations) at the start and end of the billing period.
- Any amount deducted, credited or received under a government funded energy charge rebate, concession or relief scheme or under a payment plan.

Nice to have – design principles

- Aim to keep bills to less than two pages.
- Details of the customer's specific retail plan.
- Explanation of energy terminology, including comparisons for energy usage; i.e. 1 kWh = 1 litre kettle, boiled once.

In line with the insights previously listed we would suggest, removing mandated content from our bills:

- Benchmarking/ Household Comparison Graphs.
- Reference Pricing.
- Meter start and end readings for interval meters.

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?

EnergyAustralia believes that the best offer notification can provide benefit to customers, particularly those that are not on a retailers best available offer; however, they are also a cause for customer's confusion and angst.

We believe that to avoid the confusion, the best offer notification should be only applied to bills where the customer is on a plan with less than \$25 annual difference.

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

EnergyAustralia's view is that for the initial Billing Guideline the changes should only be for the key identifiable issues or improvements. With an indication from the BETA research that a comprehensive bill is preferable (despite the limitations of the survey), the initial Billing Guideline could suggest something that is very similar to what retailers are currently producing. This would limit the cost to retailers, and the risk of change occurring without evidence to support it.

This view is not based on a reluctance to change customer's billing, we are strongly in favour of changes that are supported by customers, and we hope that in subsequent Billing Guideline's the AER can develop options for billing that provide adequate protections while fostering innovative billing suited to an evolving energy market; however, we are concerned that broad prescriptive requirements in the initial Billing Guideline will be at the risk of significant implementation costs, and the possibility the changes will be revised in the not too distant future; with export pricing for Demand Energy Resources², and the Consumer Data Right³ expected to fundamentally change retailer-customer interactions.

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

Our preference for gradual changes to the Billing Guideline, based on substantive data, will reduce the risk of unnecessary expenditure, therefore reducing cost to serve. Keeping the initial Billing Guideline to the mandatory requirements, and allowing retailers the flexibility to be innovative in how they present non-mandatory elements of the bill, will only force retailers that are not currently achieving the mandatory requirements; with an expectation that most retailers are complying with the mandatory requirements as set out in the regulations, changes to billing will instead be a business decisions by each retailer, i.e. to innovate or differentiate from their competitors.

² Access, pricing and incentive arrangements for distributed energy resources | AEMC

³ Consumer data right (CDR) | ACCC

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?

- Awareness of forthcoming regulation and the limits to retailer's capacity to absorb additional changes. The AER should consider how any implementation requirements can fit within AEMO's regulatory implementation roadmap⁴ to minimise the risks to implementation constraints and excessive implementation costs.
- State specific billing requirements and the subsequent changes required following development of the Billing Guideline. Jurisdictional requirements will need to be considered in the final design of the Billing Guideline, i.e. with an expectation that existing locations and/or detail for these requirements will be impacted, how will varying jurisdictional requirements be updated to accommodate the changes required under the guideline. EnergyAustralia suggests the AER establish what processes and corresponding timeframes will be required by state regulators to achieve their billing requirements, as requiring multiple billing changes will be inefficient and increase cost to serve.

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

EnergyAustralia's expectation is that physical billing will become less required and requested in an increasingly digital world. We would appreciate if the AER can be cognisant of this evolution when developing the inaugural and in subsequent Billing Guidelines, with an emphasis on enabling innovation and minimising unnecessary/avoidable increased cost to serve.

If you would like to discuss this submission, please contact me on [REDACTED] or

[REDACTED]

Regards

Travis Worsteling

Regulatory Affairs Lead

⁴ AEMO Regulatory implementation roadmap