

EnergyOn

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? - Key insights and opportunities

Through the Behavioural Economics Team of the Australian Government (BETA) Research in partnership with the Australian Energy Regulator (AER), there are several clear insights that can support improving customer comprehension of their Energy Bills.

Including relevant benchmarking, comparison to the reference price and visual aids such as column graphs or similar that show energy and/or solar usage are all elements that Energy On supports being included. Regulation of what kind of additional information must be included on an energy bill against what can be directed to via a link elsewhere may also be important, with this research suggesting that this was not an effective tool for customer outcomes.

Given the lack of separation in customer comprehension between a lengthy well-designed bill and a shorter, less informative bill, this research would suggest that providing a clear template with more information for the customer is an effective way of providing simplified billing. As confusing layouts are a cause of difficulty reading energy bills, guidelines should stipulate that structuring energy bills meets the purpose of making key information and further details clear to customers, not simply providing information.

What additional or new insights do you have regarding the current problems with energy bills? - Energy bill insights

As evidenced from the research, customers tended to have the most difficulty regarding calculations and understanding how figures on their invoices were put together. One of these that lacks any form of clear line of calculation is Greenhouse Gas Emissions; providing for more information around how this is calculated and its implication may improve customer comprehension and action pertaining to this benchmark.

The research in this study shows that customer comprehension can be drastically improved. While a glossary or providing definitions was not shown to have a significant difference on comprehension, it's important to note the type of language used in the definitions section. This included information from the perspective of the retailer more than the customer e.g. 'Your usage charge is any electricity you have paid for'. These could be reworked to better capture the perspective of the customer e.g. 'Your solar export is the electricity fed from your solar system into the grid. When the sun is shining, your solar system is generating electricity which powers your home. Any excess electricity is "exported" to the grid.'

'Peak and Off-peak usage is electricity from the grid you have used. When the sun isn't shining the electricity powering your home comes from the grid. The Peak and Off-peak times are found in the "Your Plan" information section'

Definitions that mean more to the customer could help improve comprehension of usage and how they're billed.

Separating information into specific sections, for example – metering and charges information could help declutter invoices and break down further how their usage and bill has been calculated.

Including calculations of usage and rates to show a clear equation for how bills are calculated may be the simplest way to achieve this, combined with a summary of their plan. Importantly, this should enable customers to have a clear understanding of how their bills are calculated, and how they can also reduce their consumption to make an impact on their invoices.

What are the key opportunities to ensure energy bills are simple and easy to understand? -

Opportunities to understand energy bills

Providing clear headings and section layouts on invoices to easily delineate information and identify important information, as well as the inclusion of both the payment options available to customers and the payment option they are on at that time.

Which approach do you consider preferable and why? Are there other approaches we should consider? - Preferable approach

Energy On would support a more comprehensive bill that is clearly formatted.

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? - Including 'best offer' information

Energy On supports this in principle, provided the aim and regulation around it supports looking after the best interest of the consumer. However, there are several practical issues that could impact this as a consistent and helpful source of information that customers can use for comparison.

The approach of mandatory inclusion of a 'best offer' may require regulation of how that figure is calculated, along with a caveat to customers on this as part of their invoice. Is this a dollar value or will it refer to the name of the best plan? This may reduce comprehension and create more confusion, undermining the purpose. Also Depending on how and what data is used to calculate a 'best offer', the accuracy of that recommendation at any given month may be compromised. For example, if the new "best offer" is suggested based on monthly data - their usage could easily be an anomaly and the new plan incorrectly suggested to the customer. These situations are often hard to explain and leave customers feeling dissatisfied, which may negatively impact their confidence in understanding their invoice.

How can we simplify the billing regulatory framework, through the Guideline or more broadly? - Simplifying billing regulatory framework

Providing bill templates to follow that break out the different sections, ensuring maximum comprehension and consistency between invoices may be one method to help visualise the regulatory framework and provide a clear measure of compliance. Further research on appropriate graphs and visual layouts that provide maximum comprehension as a reference point for retailers may also allow for simplification of the framework and guidelines for billing.

Would this reduce the cost to serve? If so, how? - Cost reduction

No Comment.

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? -

Considerations to simply framework

The introduction of grey areas will not help in simplifying the billing regulatory framework, particularly when this research has also shown that more information, presented clearly and logically does not reduce comprehension by customers. This is evidence that a level of detail does needs to be retained within energy billing.

Introducing a 'Purpose' for each required section within an invoice may help with interpretation of the framework, ensuring that if there are simplified guidelines on what's required – any changes or

information must contribute to the 'purpose' of that section and its application to the end consumer. This is not dissimilar to the application of the National Electricity Objective and would ensure that innovative ways of displaying or engaging with customers on invoices are not prohibited, provided they meet the purpose of those sections.

Would you like to provide other information for the AER to consider at this stage? - Other information

This study only considers what customers need to meet their current needs regarding electricity bills, now. But what do customers need on their energy bills to meet their best interests now and in the future? i.e reducing their energy consumption is likely the best way they can make a dramatic impact on their bill. Retailers can be given more guidance on how best to display usage and billing calculations for the benefit of the customer, and what key information they need to best understand their bill and use it to their advantage.

While understanding what information customers need to be able to know when to switch retailers, helping customers also understand when they're on a good deal and would be better not to switch is also important to ensure their best interests are met.