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Part of Energy Queensland

13 February 2021

Australian Energy Regulator  
Consumer Policy Team  
Mark Feather  
GPO Box 3131  
Canberra ACT 2601

Dear Mr Feather,

**Consultation - Better Bills Guideline**

Ergon Energy Queensland Pty Ltd (Ergon Energy Retail) welcomes the opportunity to provide a submission to the Australian Energy Regulator (AER) in response to the *Better Bills Guideline* consultation.

Ergon Energy Retail's detailed comments in response to the consultation questions are provided in the attached table.

Should the AER require additional information or wish to discuss any aspect of this submission, please contact me on [REDACTED] or Laura Males on [REDACTED].

Yours sincerely

A handwritten signature in blue ink that reads 'Nicola Roscoe'.

Nicola Roscoe  
**General Manager Strategy & Regulation**

Telephone: [REDACTED]

Email: [REDACTED]

**Encl:** *Ergon Energy Retail comments to consultation question*

## Ergon Energy Retail response - Developing the Better Bills Guideline

Consultation Paper Feedback Question	Ergon Energy Retail Comment
Issue 1: AER consumer and behavioural insights	
<p>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 the Guideline, that arise from the research?</p>	<p>Ergon Energy Retail notes the following insights:</p> <ul style="list-style-type: none"> <li>Information and bill layout</li> </ul> <p>Ergon Energy Retail agrees in principle with the findings of the AER's research in relation to the presentation of vital information on a customer bill. Ergon Energy Retail also acknowledges the importance of how and where information is presented on a bill. Our experience has identified that most customers require two key pieces of information - amount due and due date - placed in a prominent position on the bill. The customer will read the bill if they require further details.</p> <p>Although some participants in the AER's research indicated a preference for the detailed information to be included on the bill, we note that the research does not reveal whether the customer actually read the detail. That is, while the detail may be "nice to have", we question whether this view remains when informed that the higher costs of providing this information will flow to customers via their electricity bills.</p> <p>We also question the basis for efforts to align bill layout between retailers. Whilst we acknowledge the intent of this reform is to aid information identification and bill comparison, we reiterate our earlier advice to the AEMC that a customer bill is not the appropriate tool to facilitate this outcome. It remains our view that there are less costly alternatives available to customers for the dissemination of this information including the AER's own Energy Made Easy website. In our view, the comprehensive bill duplicates efforts between the RPIG and the Billing Guideline, increasing retail compliance costs.</p> <ul style="list-style-type: none"> <li>Seeking Assistance - Main Drivers</li> </ul> <p>Ergon Energy Retail agrees that customers should be encouraged to contact their retailer to discuss complicated issues. Further, Ergon Energy Retail has actively sought to enhance our customer's experience via easy to understand bills and the provision of online services, freeing up our customer service agents to manage more complex enquiries. Feedback from our customers on their experience suggests high satisfaction. We note that this aligns with Energy Consumers</p>

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	<p>Australia's December 2020 Energy Consumer Sentiment Survey<sup>1</sup> which reported high levels of customer satisfaction with electricity billing in Queensland and other jurisdictions.</p> <ul style="list-style-type: none"> <li>• Paying the bill</li> </ul> <p>Customers preferring to 'set and forget' (Direct Debit) is not a new concept, nor is it specific to the energy sector. The AER's research suggests customers have little willingness to pay their bills early without a pay on time discount. Ergon Energy Retail is a non-competitive retailer and is unable to offer pay on time discounts. Despite this, we support the use of direct debit as a lifestyle tool for the customer.</p> <ul style="list-style-type: none"> <li>• Bill delivery</li> </ul> <p>Due to limitations in the standard retail contract, Ergon Energy Retail may only offer bill delivery via post or email. We consider that more options should be considered to give customers more choice in how they receive their bills. For example, enabling the customer alternate billing methods such as signing up for an SMS notification with a link to retrieve their bill online via a customer portal has customer experience benefits and is also more cost effective for the business. Further, it satisfies the needs of our younger customers who manage their lifestyles from their devices (e.g. mobile phones). The needs and expectations of this rapidly growing customer base appears to have been overlooked in the research undertaken to date.</p> <ul style="list-style-type: none"> <li>• Key takeaways for the AER</li> </ul> <p>Customers are not homogenous and developing a one size fits all solution will not resolve all customer concerns. As such, flexibility is required to enable retailers to address the issues <i>their</i> customers have told them are important.</p>
<b>Issue 2: Improving energy bills</b>	
<p>2. What additional or new insights do you have regarding the current problems with energy bills?</p>	<p>Ergon Energy Retail's research identified the following insights:</p> <ul style="list-style-type: none"> <li>• Energy literacy plays a substantial part in customers' ability to understand their bill. Despite significant and sustained efforts by industry and governments over many years, customers have shown that educating themselves about their energy use is not one of their top priorities</li> </ul>

<sup>1</sup> Energy Consumers Australia (2020), Energy Consumer Sentiment Survey - December 2020 - <https://energyconsumersaustralia.com.au/wp-content/uploads/Energy-Consumer-Sentiment-Survey-December-2020.pdf>

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	<ul style="list-style-type: none"> <li>• The existing requirement to present excessive and unnecessary information in the bill contributes to a sense of complexity and confusion for some customers. E.g. the removal of the benchmarking comparison graph was overwhelmingly voiced in research and is raised in conversations with our frontline staff</li> <li>• Tariff information is becoming increasingly complex and sophisticated, with the installation of digital meters facilitating retail offers which include demand tariffs, time-of-use tariffs, and kilovolt ampere (kVA) charging. We question how information with respect to these (and other) complexities can be incorporated in a customer bill</li> <li>• The most effective way to maximise acceptance and understanding across a diverse customer base) is to leverage human-centred design principles for changes to bills</li> <li>• Bills which exceed two pages significantly increase the complexity of bill processing and will increase delivery costs. These higher costs will flow to customers.</li> </ul> <p>Ergon Energy Retail acknowledges that the presentation of information required by the National Energy Retail Rules on each bill can be overwhelming for some customers. Presenting this information simply in an easy to read bill is a constant challenge given the changing needs of customers driven by the rapidly evolving energy industry. It is therefore our view that it is the customer, and not a regulatory instrument, who should decide what information is to be incorporated on a bill.</p> <p>We are aware that retailers have previously questioned the notion that bills are an educational tool. While they are an important element of customer engagement, bills provide different value to different customers, including, for some, an educational value. We also note that as electricity products and services become more sophisticated, the challenge of how to present this information on a bill in a manner which can be easily understood by customers will remain.</p>
Issue 3: Making energy bills simple and easy to understand	
<p>3. (a) What are the key opportunities to ensure energy bills are simple and easy to understand?</p>	<p>Ergon Energy Retail acknowledges that despite our efforts to assist customers to better understand their electricity bills, some customers still (and always will) find bills difficult to understand. Based on customer feedback, we suggest the following would further assist these customers:</p> <ul style="list-style-type: none"> <li>• Use of consistent terminology across retailers with customer friendly language</li> <li>• Reduction in the amount of mandatory information on bills</li> </ul>

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	<ul style="list-style-type: none"> <li>Lifestyle decisions with customers offered a choice in bill format (e.g. simple/comprehensive) and delivery method (e.g. via bill or digital channels).</li> </ul>
<p>3. (b) Which approach do you consider preferable and why? Are there other approaches we should consider?</p>	<p>Ergon Energy Retail’s customer research revealed clearly that customers do not want complicated bills. Rather, where they require more detail, their preference is to go online or call for a comprehensive explanation.</p> <p>Ergon Energy Retail does not support the inclusion of the ‘understand your plan’ section on every bill. This information is already provided to customers in welcome packs upon account establishment, change of plan, upon request and in an on-line customer account profile. In the two bills prepared for the AER’s focus groups, the detailed information takes up a lot of valuable space on the first page, space which could be used to provide more contemporary information relevant to the bill or other important customer messages.</p> <p>We also note that the two bill formats discussed in the focus groups do not make provision for common variations in the information presented in bills such as customer payments for previous bills, overdue amounts carried over, or other complex tariff information. These are important considerations that the AER should not ignore in this design process as this will greatly impact a retailer’s ability to deliver the necessary information in a mandated bill template.</p>
<p><b>Issue 4: ‘Best Offer’ information</b></p>	
<p>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?</p>	<p>Ergon Energy Retail understands the intent of the “best offer” information is to inform customers via their bill if there is a better energy plan for them to consider. However, it is difficult to understand how customer understanding of their bills can be improved with a statement suggesting there is a less expensive offer available.</p> <p>Ergon Energy Retail may only offer a selection of regulated tariffs determined by the Queensland Government which vary in structure and complexity. Without detailed explanation of how another tariff is better for them, and a customer’s capacity and willingness to compare the two tariffs, this information will be of little benefit with the real potential to add to customer confusion.</p> <p>While the intent of the “best offer” information on bills may appear reasonable, we note that it assumes that past usage is a good proxy for future usage, but this may not always be the case. Customers must also be made aware that this “best offer” may not suit their circumstances. Further, customers may not have the supporting infrastructure at their premises for the suggested offer and to take advantage of the suggested offer. For example, the customer may face additional costs, such as switchboard upgrade, to enable the installation of a new digital meter.</p>

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Issue 5: Simplifying the regulatory framework and reducing cost to serve	
<p>5. How can we simplify the billing regulatory framework, through the Guideline or more broadly?</p>	<p>Ergon Energy Retail acknowledges that there is potential for electricity bills to be improved to better meet the needs of customers. Retailers are incentivised to ensure their bills are simple but comprehensive to minimise enquiries to call centres which increases a retailer's costs to serve.</p> <p>As stated previously, we suggest the following areas for improvement:</p> <ul style="list-style-type: none"> <li>• Reduced information requirements</li> <li>• We recognise that some information is essential for inclusion on customers' bills. However, other items of information are not essential and have proven to be problematic (e.g. bill benchmarking graph). The inclusion of this information creates confusion for customers and takes up valuable space on the bill which could be used for other purposes.</li> <li>• Common terminology <p>We acknowledge the potential for some terms used on bills to be made consistent across the industry to avoid confusion.</p> </li> <li>• Bill delivery options <p>We consider that retailers should be offered more flexibility in how bills and the information presented on bills can be delivered to satisfy the needs of customers.</p> </li> <li>• Regulatory approach <p>The AER should consider a principles-based approach to provide retailers with greater flexibility to develop their bills in response to what <i>their</i> customers say.</p> </li> </ul>
<p>6. Would this reduce the cost to serve? If so, how?</p>	<p>Billing costs directly correlate with the number of pages required to provide the billing information to a customer, and the method used to deliver the bill. The number of pages on a paper bill is a concern to Ergon Energy Retail as we are unable to charge for paper bills or include electronic billing as a condition of our standard retail contracts.</p> <p>In terms of the expected impact on our costs to implement billing changes, these costs are difficult to determine without understanding the final bill design. Nonetheless, we expect the changes to be complex, costly and will require significant resources to adapt customer information and billing systems. Further, bill changes will require supporting customer communications to educate them on</p>

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	<p>the changes meaning the business will need to make provision for an extended period of increased calls or complaints to our contact centre in relation to the new bill template.</p> <p>We do not expect that any predicted cost to serve savings will be outweighed by the cost of the expected changes and the cost of complaints and enquiries which will follow the changes.</p>
<p>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?</p>	<p>Appropriate lead times for implementation of a new bill template must be considered to enable system changes and necessary testing to ensure customers' experience is not negatively impacted.</p> <p>We note that the implementation period for this initiative following the publication of the final guideline is only four months. We consider that four months is an unrealistic timeframe which will require Ergon Energy Retail to allocate significant resources to comply with this initiative. In normal circumstances, we would expect a period of 9 to 12 months to implement changes to billing, including time for testing. Implementing the changes in a very short timeframe risks errors, customer confusion and increased calls to retailer call centres. We also note that during this period, electricity retailers will implement annual price changes at the commencement of the next financial year and Global Settlement.</p>
Issue 6: Other views and information	
<p>8. Would you like to provide other information for the AER to consider at this stage?</p>	<p>We are concerned with the limited scope of research and the focus on particular demographics to the exclusion of others. While we acknowledge the need to consider the needs of customers aged over 65, and those from diverse backgrounds, we note that they do not represent the need of all other customers.</p> <p>We suggest that the needs and expectations of younger customers and customers who are more comfortable with digital technology, have been largely overlooked in the research undertaken to date.</p>

