



Guidance on electricity consumption benchmarks on residential customers' bills

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1. Introduction

The National Energy Retail Rules (Retail Rules) require that retailers provide electricity consumption benchmarks on a residential customer's bill.¹ The purpose of the benchmark is to allow customers to compare their household electricity usage with similar households in their area. This in turn assists consumers to make more informed choices about how they use energy.

Under Rule 169 of the Retail Rules the Australian Energy Regulator (AER) is required to update the electricity consumption benchmarks at least every three years from the publication of the previous benchmarks.

The initial benchmarks were developed by the Consumer Information Implementation Committee (CIIC) and the AER provided these to retailers in December 2011.

In 2014 the AER commissioned ACIL Allen to update the benchmarks. ACIL Allen's final report and the benchmark data were published on the AER's website in December 2014.

This document—*Guidance on electricity consumption benchmarks on residential customers' bills (Guidance)*—has been developed to assist energy retailers understand the electricity bill benchmarking requirements of the National Energy Retail Law (Retail Law) and Retail Rules.

It explains the law in simple language and gives general information and examples but is no substitute for the Retail Law and Retail Rules. Retailers should review the obligations in the Retail Law and Retail Rules, as well as the guidance contained in this document, when providing electricity consumption benchmarks to their customers. Unless explicitly defined, terms used in this document have the meanings given in the Retail Law and Retail Rules. Terms not defined in the Retail Law and Retail Rules have their ordinary meaning.

The AER may amend, update or revise this Guidance from time to time, particularly when updates to the benchmarks are made.

¹ r. 170(1)(a), National Energy Retail Rules.

2. Background

2.1. Electricity consumption benchmark obligations

A retailer must prepare a bill so that a small customer can easily verify that the bill conforms to their customer retail contract, and for residential customers it must include the energy consumption benchmarks.²

Retailer obligations in relation to the presentation of electricity consumption benchmarks are set out in Rule 170. This Rule stipulates that a retailer must provide:

- a) a comparison of the customer's electricity consumption against the electricity consumption benchmarks;³
- b) a statement indicating the purpose of the information provided with respect to those benchmarks;⁴ and
- c) a reference to an energy efficiency website.⁵

A retailer must present the information specified above in a way that is easy for the customer to understand.⁶ In addition, a retailer is required to present the information specified above in a graphical or tabular form, as appropriate, but may do so in a location on the bill that is convenient for the retailer.⁷

2.2. 2014 electricity consumption benchmarks provided to retailers

The Retail Rules specify that the electricity consumption benchmarks must be based on the following:

- a) electricity consumption information received by the AER from distributors pursuant to rule 171;⁸
- b) localised zones as determined and notified to the AER by the relevant jurisdictional Minister;⁹ and
- c) household size.¹⁰

The AER commissioned the economic consultancy firm ACIL Allen to update the 2011 benchmarks based on localised zones and household sizes, in line with the requirements of the Retail Rules.¹¹

² r. 25(1)(o), National Energy Retail Rules.

³ r. 170(1)(a), National Energy Retail Rules.

⁴ r. 170(1)(b), National Energy Retail Rules.

⁵ r. 170(1)(c), National Energy Retail Rules.

⁶ r. 170(3), National Energy Retail Rules.

⁷ r. 170(2), National Energy Retail Rules.

⁸ r. 170(3)(a), National Energy Retail Rules.

⁹ r. 170(3)(b), National Energy Retail Rules.

¹⁰ r. 170(3)(c), National Energy Retail Rules.

¹¹ r. 169(3), National Energy Retail Rules.

The updated benchmark data was published on the AER's website in December 2014, along with ACIL Allen's report *Electricity Bill Benchmarks for Residential Customers*, which describes the methodology ACIL Allen used to develop the benchmarks.¹²

¹² This document was provided to retailers by email on 17 December 2014.

3. Localised zones

The Retail Rules specify that the electricity consumption benchmarks must be based on localised zones.¹³ Localised zones, including the zone names and the postcodes that constitute each zone, are determined by the responsible Minister within each jurisdiction.¹⁴

A retailer must use the localised zone benchmark relevant to each customer's location.

In 2014, Energy Ministers in Victoria, NSW, Tasmania and the ACT agreed to adopt Australian Bureau of Statistics climate zones. South Australia and Queensland chose to continue to use the 2011 localised zones. The Northern Territory and WA are not required to determine localised zones.

The updated list of zones and postcodes was provided to retailers and published on the AER's website in December 2014.¹⁵

3.1. Managing new postcodes not allocated to a zone

Where a new postcode is created and retailers have residential customers residing in this area, the following approach should be followed.

As the new postcode will not be allocated to a localised zone, there will be no electricity consumption benchmark information that can be applied to those customers who reside within the new postcode.

Retailers should not postpone the billing of these customers due to the lack of specific electricity consumption benchmark information for the new postcode. Nor should retailers issue potentially non-compliant bills that do not include any benchmark information.

For those customers residing in a new postcode (which is not yet allocated to a localised zone), the retailer should use the 'full state' benchmark applicable to the customer, which provides benchmarks for the entire state or territory. The 'full state' benchmark data can be found in the benchmark spread sheet for each jurisdiction. Retailers could also highlight in their purpose statement that due to a customer residing in a new postcode, benchmarks for the entire state or territory have been used.

Where this occurs, the retailer should notify the AER as soon as possible. The AER will then advise the relevant Minister responsible, so that the new postcode can be appropriately allocated to a localised zone. The AER will notify retailers once it has received advice that the new postcode has been allocated to a localised zone.

3.2. Name of localised zones

The Retail Rules are silent as to whether to include the name of the zone that the residential customer belongs to on the benchmark information provided on the bill. It is, therefore, at the

¹³ r. 169(3)(b), National Energy Retail Rules.

¹⁴ r. 169(3)(b), National Energy Retail Rules.

¹⁵ This data was provided to retailers by email on 17 December 2014.

discretion of the retailer whether to include this information. However, it is likely to be of assistance to customers if the name of their zone is included in their bill so they can better understand on what basis the comparison is being made. It may also help a retailer to satisfy the obligation that the electricity consumption benchmark information is presented in a way that is easy for the customer to understand.¹⁶

¹⁶ r. 170(3), National Energy Retail Rules.

4. Household size

The Retail Rules specify that the electricity consumption benchmarks must be based on household size.¹⁷ ACIL Allen has provided benchmark data for five categories of household sizes, ranging from a household size of one person, and then increasing by one person at a time, to a household size of five people. Adding household size information makes the benchmarks more accurate and relevant to consumers, as it is a key factor that drives the amount of electricity consumed.

The Retail Rules are silent in relation to how many household size benchmarks should be included on a bill. However, a retailer must have regard to the requirement that the electricity consumption benchmark information be presented in a way that is easy to understand.¹⁸ Including four or five household sizes on the bill would be sufficient to allow most customers to identify with a particular household. This will then enable the customer to identify the relevant benchmark and compare that with their own level of electricity consumption.

Customers will also be able to access benchmark information on the AER's Energy Made Easy website (www.energymadeeasy.gov.au).

¹⁷ r. 169(3)(c), National Energy Retail Rules.

¹⁸ r. 170(3), National Energy Retail Rules.

5. Seasonal benchmarks

Due to the strong correlation of weather and electricity use, ACIL Allen has developed electricity consumption benchmarks based on seasons.

5.1. Using seasonal benchmarks

Under the Retail Rules, retailers are required to provide a comparison of the customer's electricity consumption against the electricity consumption benchmarks provided by the AER.¹⁹ The benchmarks developed by ACIL Allen are seasonal benchmarks.

The AER recognises that electricity consumption benchmarking is one of several measures designed to help consumers make more informed choices about how they use energy. The objective of electricity consumption benchmarks is to help customers reduce their consumption by enabling them to make informed decisions, resulting from comparing their usage to the benchmark.

While including the benchmarking information on customers' bills delineated by season is optional, it is likely to offer customers a significantly more meaningful basis of comparison, thereby promoting more informed decision making. As such, the use of seasonal benchmark information is recommended.

The AER is concerned that if retailers adapt the benchmark data to remove seasonality, this could compromise the integrity and accuracy of the data. Furthermore, it will not reflect any underlying changes in a customer's consumption during different seasons and is therefore likely to result in an alternative benchmark that is less relevant, less accurate and more difficult for the customer to understand.

A retailer who does not use the seasonal benchmark data as presented in the ACIL Allen report (and accompanying data spread sheet) and provided by the AER must take appropriate measures to ensure that the resultant benchmark allows a customer to compare their consumption accurately and that it is relevant and easy for customers to understand.²⁰

5.2. Which season to display on a bill

ACIL Allen has recommended that retailers use the benchmark for the season that applied on the date the customer's meter was read, as it provides the best statistical fit with the data.

5.3. Displaying more than one season on a bill

Retailers may choose to include benchmarks for more than one season on all customers' bills, provided they meet the requirement that the information be presented in a way which is easy for the customer to understand.²¹ The AER expects this will assist some customers to understand and identify how their electricity consumption changes with seasons.

¹⁹ rr. 170(1)(a) and 169, National Energy Retail Rules.

²⁰ r. 170(3), National Energy Retail Rules.

²¹ r. 170(3), National Energy Retail Rules.

6. Other benchmark information

6.1. Daily and quarterly figures

The benchmarks developed by ACIL Allen and provided by the AER to retailers include both daily and quarterly figures. Although the Retail Rules are silent in relation to using daily or quarterly figures, a retailer must meet the requirement that the electricity consumption benchmark information be presented in a way which is easy to understand.²²

When deciding whether to use daily or quarterly figures, a retailer may have regard to how often the customer is billed and the other consumption information provided on the bill (for example, their total consumption for the billing period or their average daily consumption over the period). This information will form the basis of the comparison that the customer will make with the benchmark. If the customer is billed quarterly then it would be likely that the quarterly and/or daily figures would be easiest to understand.

If a customer is billed more frequently than quarterly, it is likely that the daily consumption benchmarks would be most accurate and easy for the customer to understand and compare. Rule 25(k) of the Retail Rules requires retailers to provide a customer's average daily consumption during the billing period. Therefore, in all cases, a customer would be able to compare their average daily consumption with daily benchmark information. This may help retailers to satisfy the requirement that the electricity consumption benchmark information is presented in a way which is easy to understand.

ACIL Allen's benchmark data spread sheet recommends using the daily consumption figures to 'build up' a monthly benchmark, should this be preferred.

6.2. Swimming pool and gas data

The 2011 benchmarks assume that all customers have the state or territory average usage of gas, and retailers were provided with separate data for pool owners and non-pool owners.

ACIL Allen replicated this methodology in the 2014 benchmarks, and this information is included 2014 benchmark tables as '*Pool—gas not controlled*' and '*No pool—gas not controlled*'.

ACIL Allen's 2014 benchmarks also include specific consideration of whether a customer has a mains gas connection, as this has a significant influence on their electricity consumption. The result is that the 2014 benchmarks have been developed to model four categories of customer, namely customers with:

- neither mains gas or a pool
- mains gas, but no pool
- a pool, but no mains gas

²² r. 170(3), National Energy Retail Rules.

- both a pool and mains gas.

As a mains gas connection and the presence or absence of a pool are major determinants of electricity use, the new categories give retailers the ability to provide customers with a more accurate comparison of their energy use.

Retailers may use the information in these categories, provided they meet the requirement that the information be presented in a way which is easy for the customer to understand.²³

Retailers may also continue to provide benchmarking information on the customer's bill that assumes jurisdiction-average gas usage and that the customer does not have a swimming pool (i.e. the '*No pool—gas not controlled*' category).

6.2.1. References to mains gas and pools

Customers with swimming pools generally use more electricity and when comparing their electricity consumption to the benchmarks on their bill, they are likely to compare unfavourably.

If retailers provide benchmarking information that assumes jurisdiction-average gas usage and that customers do not have a swimming pool (i.e. the '*No pool—gas not controlled*' category) they should, if possible, include information on the bill stating that the benchmark assumes the customer does not have a pool.

The AER recognises that space on bills may be limited and so if providing this information is not possible, retailers should be prepared to respond to queries from customers seeking to understand the differences between their consumption and the benchmark, and where potential energy savings can be made.

²³ r. 170(3), National Energy Retail Rules.

7. Required statements and references

7.1. Statement of purpose

Rule 170(1)(b) of the Retail Rules requires a statement which indicates the purpose of the information provided with respect to the electricity consumption benchmarks to be included on a residential customer's bill. Retailers may develop their own statement to satisfy r. 170(1)(b). However, a retailer must ensure that the statement is easy for the customer to understand. The following statements are included as examples for retailers to use as their own statement of purpose or in developing their own statements:

- This information has been provided to help you compare your electricity usage with other households in your region.
- This information illustrates how your electricity usage compares to similar households in the <name of region> region.
- Compare your electricity usage with benchmarks for similar households in your area.
- How does your electricity use compare with the average use for households in your area?

7.2. References to an energy efficiency website

Rule 170(1)(c) requires retailers to reference an energy efficiency website on residential customers' electricity bills. For the purposes of this rule, an energy efficiency website is a website, containing information about electricity consumption benchmarks that is prescribed by the National Regulations and notified by the AER on its website.²⁴

Energy Made Easy website (www.energymadeeasy.gov.au) will remain the required reference and is prescribed in the National Energy Retail Regulations (Retail Regulations). Retailers must therefore print the URL for Energy Made Easy to meet the requirements prescribed in r. 170(1)(c). For the avoidance of doubt, the AER considers this requirement will not be satisfied if the retailer references an alternative URL that subsequently redirects the customer to the Energy Made Easy website.

The Energy Made Easy website hosts the AER's price comparator functions as well as information on the electricity bill benchmarks and general information about energy efficiency. The website will also enable residential customers to access more customised benchmark data.

Retailers have discretion in wording their reference to the Energy Made Easy website. However, a retailer must ensure that the statement is easy for the customer to understand.²⁵ The AER considers the following sentence would meet the requirements of r. 170(1)(c):

²⁴ r. 170(4), National Energy Retail Rules.

²⁵ r. 170(3), National Energy Retail Rules.

- To find out more about how the average household energy usage is calculated, get some energy efficiency tips and compare retail energy prices, visit www.energymadeeasy.gov.au

8. Format of benchmarks

8.1. Use of graphical or tabular formats

Rule 170(2) of the Retail Rules requires a retailer to present the comparison of a customer's electricity consumption against electricity consumption benchmarks in a graphical or tabular format.

A retailer may use a graph, table or both to present electricity consumption benchmarks. Retailers must have regard to how it will format the electricity consumption benchmark information to ensure that it is easy for the customer to understand.²⁶

Appendix A contains examples of possible graphical and tabular formats for the electricity consumption benchmarks.

8.2. Expectations regarding 'easy to understand'

Rule 170(3) of the Retail Rules requires a retailer to provide the following information in a manner which is easy for the customer to understand:

- comparison of the customer's electricity consumption against the electricity consumption benchmarks
- the statement of purpose, and
- the reference to the energy efficiency website.

To ensure that this information is 'easy to understand', a retailer should ensure it uses plain language, and is an appropriate size and style of font. In addition, any colours and shading used should be clearly visible and consistent with accessibility standards. The benchmark information should be clearly set out and positioned on the bill. Customers should be able to readily identify the household size and consumption benchmark that is applicable to their circumstances.

8.3. Location on the bill

Rule 170(2) of the Retail Rules requires a retailer to provide the electricity consumption benchmark information on a location on the bill that is convenient to the retailer. In addition, r. 25(1)(o) of the Retail Rules requires a retailer to include in bills for residential customers, energy consumption benchmarks in accordance with Part 11 of the Retail Rules.

The benchmark must be located on the bill. It can be placed at the end of the bill or on a separate page within the bill. However, a retailer should not include the benchmark on a separate leaflet or insert which is included with the bill (but not on the bill).

²⁶ r. 170(3), National Energy Retail Rules.

9. Benchmarks for residential customers

9.1. Residential customers who are subject to both residential and business tariffs

Rule 170(1)(a) of the Retail Rules requires retailers to provide electricity consumption benchmarks on the bills for all residential customers.

If a single bill is issued to a customer that covers both residential and business tariffs then the electricity consumption benchmark information must appear on the customer's bill. In such circumstances, it would be beneficial for the retailer to ensure that the statement of purpose that is provided on the bill (r. 170(1)(b)) clearly stipulates that the benchmarks only relate to residential consumption.

9.2. Residential customers who have a single bill issued for both electricity and gas

If a single bill is issued to a customer for both electricity and gas, a statement should be included on the customer's bill which outlines that the electricity consumption benchmarks provided on the bill only relate to their electricity consumption and not to their gas consumption.

9.3. Can customers opt-out?

Residential customers cannot opt out of receiving electricity consumption benchmark information on their bill. It is a requirement under rr. 170 and 25 of the Retail Rules for a retailer to provide energy consumption benchmarks and ancillary particulars in a bill for a residential customer.

10. Transitional arrangements

The AER provided the updated benchmarks to retailers in December 2014 and acknowledges that retailers will require some time to update their systems and processes to ensure the updated benchmarks can be included on residential customers' bills.

In this context, retailers are required to commence including the updated benchmarks on residential bills issued from 1 July 2015 onwards. This provides sufficient time for retailers to make any necessary system changes to accommodate the updated benchmarks.

As the Retail Law and Retail Rules will commence in Queensland on 1 July 2015, these customers will have the updated benchmarks included on their bills from commencement.

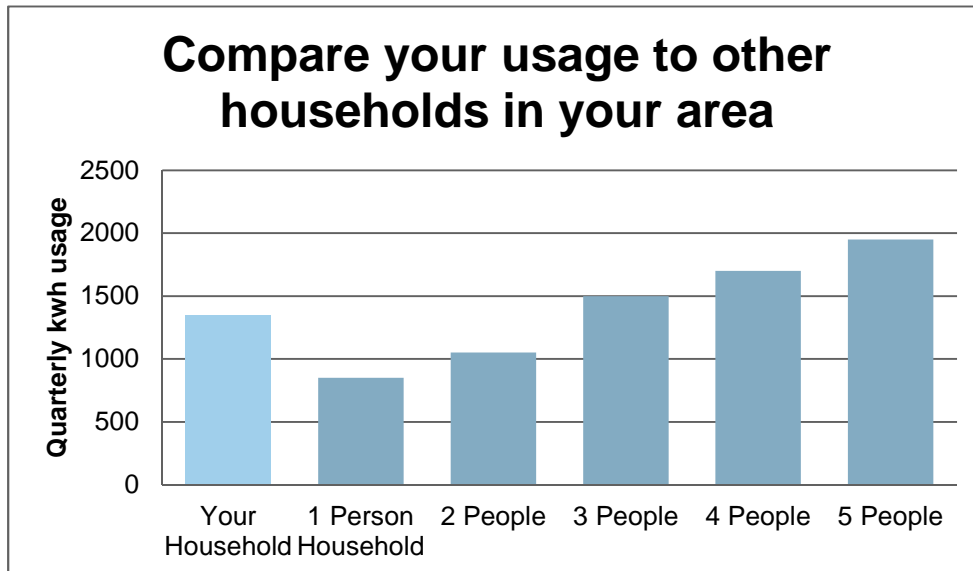
Bills issued to residential customers prior to 1 July 2015, should continue to include the 2011 benchmark information.

Additional, jurisdiction-specific transitional provisions may be included in state or territory legislation to implement the Retail Law and Rules. This guidance operates subject to any such provisions.

Appendix 1 – examples of benchmark formats

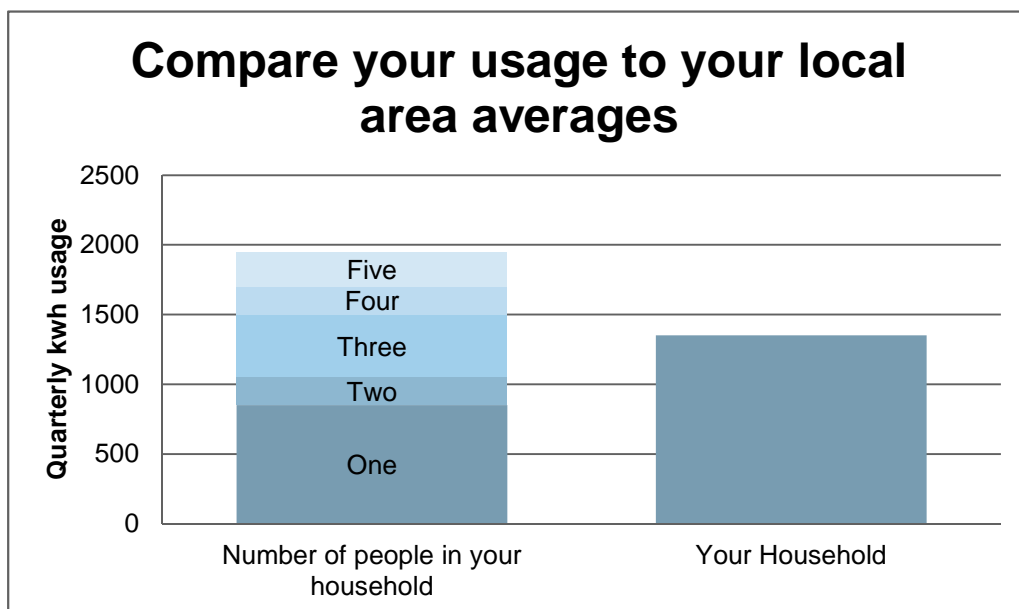
Samples of graphical format presentations of electricity consumption against benchmarks.

Graphical format – example 1



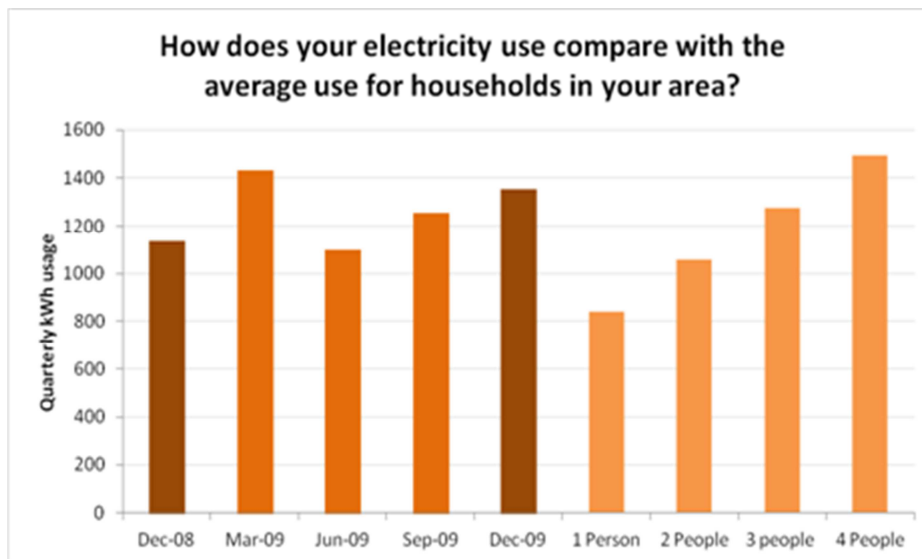
To find out more about how the average household energy usage is calculated, get some energy efficiency tips and compare retail energy prices, visit www.energymadeeasy.gov.au.

Graphical format – example 2








To find out more about how the average household energy usage is calculated, get some energy efficiency tips and compare retail energy prices, visit www.energymadeeasy.gov.au.

Graphical format – example 3



To find out more about how the average household energy usage is calculated, get some energy efficiency tips and compare retail energy prices, visit www.energymadeeasy.gov.au.

Tabular format – example 1

Compare your electricity usage with benchmarks for similar households within Victoria in summer	
Number of people in your household	Average daily consumption (kWh)*
	9.2
	11.6
	14.0
	16.4
	18.8

Your average daily consumption (kWh)
17.3

To find out more about how the average household energy usage is calculated, get some energy efficiency tips and compare retail energy prices, visit www.energymadeeasy.gov.au

*No Pool

Tabular format – example 2

This information has been provided to help you compare your electricity usage with other households in your region.

Average daily consumption (kWh)*					
Household size	1	2	3	4	5
Summer	9.2	11.6	14	16.4	18.8
Autumn	9.1	11.9	14.6	17.4	20.2
Winter	12.4	14.8	17.1	19.5	21.8
Spring	11.9	14.3	16.8	19.3	21.7

*No pool

To find out more about how the average household energy usage is calculated, get some energy efficiency tips and compare retail energy prices, visit www.energymadeeasy.gov.au

**Your Average
Daily
Consumption**

17.3 kWh