



## New protections needed for energy customers as market goes digital

**The AEMC has recommended a shakeup of the rules protecting electricity consumers as technology drives radical change to the way electricity is being bought, sold and delivered.**

In its 2020 Retail Energy Competition Review, the Australian Energy Market Commission has called for a raft of changes, including widening the powers of energy Ombudsmen to handle consumer complaints about new energy products and services.

“The National Energy Customer Framework – which governs the sale and supply of electricity and gas to retail customers – was designed for a different era and needs to keep pace with the evolving market,” said AEMC Chief Executive Benn Barr.

“New products and services such as energy storage systems, energy management services, electric vehicle charging services and solar PV systems are changing the retail energy landscape and they don’t fit neatly within the traditional retailer-distributor-consumer model.

“In the past, retailers simply sold energy to customers. Now, customers can generate and store their own energy. So, we need to think about new ways to apply the retail rules, so they move with the times and don’t leave consumers behind.”

Key recommendations in this year’s Retail Competition Review report include:

- Extending the jurisdiction of energy Ombudsman schemes to handle consumer complaints regarding services that sell or supply energy or have an impact on energy sale or supply
- Allowing customers to authorise third parties – like government energy switching services – to act on their behalf in moving them to better value energy deals
- Overhauling energy bills so they make better sense to customers
- Progressing previous recommendations from the AEMC and the ACCC to tighten regulations on commission-based energy comparison sites, which do not always work in customers’ best interests
- Making the rules more flexible so that customers can be notified about changes to their energy contracts in ways that work best for them – such as SMS messages or via apps
- Promoting, strengthening and monitoring industry codes of conduct such as the New Energy Tech Consumer Code (NETCC), which recognises the risks consumers face when buying new energy technology.
- Examining which rules within the National Energy Customer Framework need to be prescriptive and which regulations could be more principles-based and focussed on outcomes for customers
- Getting industry more involved in helping to develop protections for consumers.

“A number of these recommendations can be dealt with via the AEMC’s rule change process and we look forward to working with energy stakeholders to take these changes forward.” Mr Barr said. “Some reforms are already underway, such as a rule change request from Federal Energy Minister Angus Taylor for us to look at how the required contents of energy bills can better meet consumer needs.”

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“Other recommendations we have made are within the purview of energy ministers and we have put these forward for their consideration.”

In preparing this report the Commission consulted extensively with stakeholders including consumer advocates, retailers, new technology suppliers, energy departments, and energy Ombudsmen through submissions, a workshop and bilateral meetings.

“We found from these discussions that while rules and protections are critical, when they take a one-size fits all approach they can actually work against energy consumers,” Mr Barr said.

“For example, when retailers comply with regulation that requires them to include 24 pieces of information on consumer energy bills, they may simply end up overwhelming their customers with information.

“In cases like this we need to reimagine the rules, so they help retailers focus on customer outcomes, not ticking regulatory boxes. There will always be a need for some prescriptive regulation – for example around disconnecting customers who are having trouble paying their energy bills. But overall we need a mix of approaches in the way we structure the rules that help customers get the services they want while also protecting them.”

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### **About the AEMC Retail Competition Review**

The annual Retail Competition Review looks at the state of competition in the energy market and whether this is benefiting consumers. It is an important tool to map retail market progress over time and identify opportunities for reform.

### **About the AEMC**

The Australian Energy Market Commission is the rule maker, market developer and expert adviser to governments on energy. It protects consumers and achieves the right trade-off between cost, reliability and security.