



4 February 2021

Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Via online lodgment: www.aemc.gov.au

RRC0036 Bill contents and billing requirements rule - Draft Rule Determination

Alinta Energy welcomes the opportunity to respond to the Commission's draft rule determination on the bill contents and billing requirements rule.

Alinta Energy, as an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3,000MW and more than 1.1 million electricity and gas customers has a strong interest in ensuring that our customer bills are clear, simple, and fit for purpose.

The level of complexity of gas and electricity bills today is in no small part the result of regulatory obligations that have increased over time under successive regulatory regimes. Alinta Energy is committed to providing key, relevant information in a clear manner to its customers, while retaining the ability to compete and innovate through energy bills and other information sources.

Scope of rule change and guideline development

We agree with the Commission that digitisation and the growth of distributed energy resources and other technologies have led to innovative products and services being developed in recent years. Helping customers understand and optimise their energy consumption and cost is a key focus of energy retailers and other service providers.

However, the solution set out in the draft rule to improve bill content and delivery to customers hands too much discretion to the rule enforcement body (the AER). The regulator should not be placed in a position where it interprets policy and develop rules through a guideline. The principles directing the AER to develop a guideline set out in the draft rule are very high level, which in our view, are insufficient to preserve the distinction between rule making (the AEMC's function) and regulating the rules (the AER).

Bills issued by retailers are significant to the relationship with their customers. The extent to which the AER can prescribe the contents, language, form and delivery of the bill through a guideline should be constrained through the rules, limiting uncertainty of interpretation and the possibility of policy decisions being made by the regulator. In our view, the draft rule does not provide such safeguards in its present form.

An example of the uncertainty the draft rule could contribute to in its current form includes the frequency that the AER can determine updates or changes (without the need to submit a rule change request) the Guideline. Of further concern is the ability for:

"The AER to specify in the guideline:

- any other requirements the AER considered necessary to give effect to the guideline objective and principles"¹

Such flexibility afforded to the AER blurs the distinction between the policy and rule making functions it is responsible for enforcing.

Alinta Energy recommends that should a final rule be made it needs to contain specific guidance to the AER on the contents of a guideline and restrictions on the frequency and circumstances under which it can be changed. While we support clarity of information on bills to consumers, a key concern for retailers is the material cost, resources and time required to alter billing systems to meet obligations under any new guideline. Constant change to a guideline without demonstrable net benefits will simply increase retailer cost to serve and the affordability of energy for consumers. Such a cost-benefit test should be applied to any guideline should a final rule be made.

Contents of bills

Alinta Energy reiterates that any guideline should focus on the objective of the bill, namely that customers understand their energy usage, how their usage patterns affect their energy costs, the total amount owing, the due date for payment, and how to make a payment.² As raised in our response to the consultation paper, Alinta Energy also supports providing information on payment assistance on the bill.

Form of customer billing

We support the AEMC's view that the format of customer bills should allow for flexibility in design to preserve retailers' ability to differentiate and compete, while ensuring information that customers actually want is presented clearly.³ Heavily regulating the format of bills via a guideline would restrict the ability of retailers to communicate and market the features and incentives associated with their products, which in turn may lead to customers not understanding how their product features impact their energy costs. We welcome the suggestion that bill formats should be allowed flexibility under any future guideline but remain concerned that in the development of a guideline, the AER will have significant discretion to prescribe bill formats (and layout) of retailer bills, which could result in material costs should changes be required to comply.

Timing and implementation

Alinta Energy is concerned with the four-month implementation timeframe between the making of any final guideline by the AER (April 2022) and retailers to implement its requirements (August 2022). Without an understanding of the scope of the guideline, this timeframe may not be sufficient. The AEMC needs to set out a mechanism within the rules that provides for flexibility for retailers to implement any changes required by a finalised guideline prepared by the AER. We also believe that should a final rule be made, it requires the AER to apply a test to determine the benefits of the guideline's requirements and a further test for subsequent changes (in

¹ AEMC (2020), Draft rule determination – National Energy Retail Amendment (Bill contents and billing requirements rule), page 7.

² Alinta Energy (2020), Bill contents and billing requirements – response to consultation paper, page 2. See: https://www.aemc.gov.au/sites/default/files/documents/rule_change_submission_-_rrc0036_-_alinta_energy_-_20201027.pdf

³ AEMC, *ibid.*, page 25.

addition to a minimum two-year period for changes to be proposed). Alternatively, changes can be proposed by the AER (or any stakeholder) via the rules.

We welcome further discussion with the Commission in relation to consultation on the draft rule determination. Please contact Ante Klisanin Regulatory Manager on (03) 8533 7344 or via email: ante.klisanin@alintaenergy.com.au in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Shaun Ruddy', written in a cursive style.

Shaun Ruddy
Manager National Retail Regulation