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Submitted electronically via: https://www.aemc.gov.au/contact-us/lodge-submission

RRC0046: Deferring the Better Bills Guideline Implementation

AGL Energy (AGL) thanks the Australian Energy Market Commission (AEMC) for the opportunity to provide feedback on the *National Energy Retail Amendment (Delaying of Implementation of the AER Billing Guideline)* Consultation Paper, dated 18 August 2022.

AGL supports the deferral of the Better Bills Guideline (BBG) full implementation date from 31 March 2023 to 30 September 2023.

Throughout the BBG consultation period, AGL was a vocal proponent of an 18-to-24-month implementation timeframe as being a pragmatic period of time to operationalise one the largest-customer facing reforms in the retail energy industry. AGL acknowledges that the Australian Energy Regulator (AER) and the AEMC, at the time, were constrained by statutory restrictions on the commencement date for the BBG so the progress of this rule change request and the support it has gathered from the AER is appreciated by industry. An extended commencement date can mitigate further risks of unforeseen costs at the tail end of the implementation period due to a less than ideal implementation timeframe in the original decision. The revised commencement date will provide more appropriate time for retailers to sufficiently update the bill in line with the BBG, make necessary system and process changes as well as conduct consumer testing. Further, the rule change will enable retailers to troubleshoot any issues identified from consumer testing of the new bill formats, which importantly, promotes a better customer experience through not just a compliant but also a defect-free document.

AGL echoes the AER and the Australian Energy Council in their sentiment that there will be minimal, if any, adverse impact to customers as a result of this rule change. Retailers can opt-in to complying with the requirements of the BBG from 4 August 2022 when they are ready to do so, while customers will continue to receive their energy bills in line with the transitional arrangements until the full commencement date.

AGL has previously raised a number of important factors that will significantly impact timeframes for implementation of the BBG. The most resource-heavy and time-consuming considerations include:

- The coordination of various streams of work through a multidisciplinary project team to operationalise changes to the bill and related processes. Often, these resources are also allocated to other regulatory reforms and uplift projects and will therefore have a number of concurrent priorities.

- Managing the program of work with third-party contractors and mail-house vendors to ensure that external milestones and deliverables are on track. We anticipate further congestion or prospective delays towards the latter stages of implementation as we encounter and work through defects, bugs, and anomalies with the new bill designs.
- The scope of development required to retailers' enterprise billing and customer management systems to map additional data dependencies linked within the customer's bill. Enhancements to system performance may also be required to process a large number of complex algorithms such as the deemed better offer calculations.
- Substantial changes to supplementary material such as applications, webpages, online portals, explanatory collateral, agent processes and scripting, bill explainers, bill inserts, digital content, ads, and other material which will require considerable resources and change management.

Constraints with the competitive labour market

Challenges with the already tight implementation timeframe are compounded by the finite pool of labour and staffing resources in Australia that possess the niche skills and expertise to execute projects of this type. The recent competitive market conditions, including historically low unemployment rates and shortage of skilled migrants are exacerbating these pressures, meaning that energy retailers (as well as other businesses and government agencies) are competing for the same limited employees, contractors and resources that are available in the market.

In addition to the BBG project, the emergence of new participants in the Consumer Data Right is constricting the already scarce labour pool as second-tier retailers prepare for their phase of implementation. While competition in this respect can be healthy and employees often move around the retail energy industry, we are witnessing unprecedented and widespread poaching leading to extraordinarily high staff churn and disruptions to project timeframes. The proponent's rule change request accurately identifies Australia's very tight labour market as a key barrier to the successful implementation of the BBG project.

Further, resourcing projects to meet the 31 March 2023 commencement date would require that employees of retailers (and potentially contractors) work throughout the Christmas shutdown period. For retailers, this would be substantively the same employees and resources that have been working on the extensive agenda of regulatory reforms that has defined the energy industry over recent years. This will be the first Christmas period in three years that we are unlikely to experience a COVID-19 lockdown and many employees are already planning time away with family and friends. An extended implementation timeframe may minimise the risk of employees experiencing burn out through an optimised and fair schedule of work, while also avoiding the potential for mental health concerns for employees and inflated costs during the holiday period.

Testing the new bills

In addition to re-optimising retailers' schedules for delivery of the BBG changes, an extended commencement date will also allow retailers to dedicate sufficient time to testing the new bill formats in different simulated environments and with different variables to ensure that all components are working as intended.

Rather than launching the new bill then subsequently working through defects in a live environment or implementing a suboptimal solution to meet the 31 March 2023 timeframe, by alleviating the time pressures, retailers will have an opportunity to troubleshoot issues prior to going live without disrupting the overall customer experience. Under the current commencement date, AGL may be unable to comprehensively test all components of its new bills and associated delivery processes which is a material concern to the implementation project.

Collective Invoicing

Strict requirements under the BBG create additional complexity for retailers' collective invoicing or aggregated customer invoicing where a number of individual sites or premises are contracted under a master agreement for the sale and supply of energy. This will require retailers to develop a solution not only for residential and SME customers, but also for these more complex billing arrangements to which the BBG regulations also apply. Collective or aggregated invoices are often far more complex, lengthy, and involved than the typical mass market invoice. Changes of this type are part of a separate stream of work which, in essence, duplicates the build and effort requirements for BBG project delivery teams. A six-month extension to the BBG commencement date will allow retailers to uplift all invoice arrangements and formats, ensure that no customer categories are disadvantaged or require individual exemption applications.

Retailer of Last Resort Events

Recent volatility and unforeseen challenges in the wholesale energy market are further exacerbating operational disruptions for designated Retailers of Last Resort (RoLR). Requirements for RoLR events are extensive, often leverage both BAU and uplift project resources, and are communicated to the designated retailer on short notice, making it difficult to prepare for the size and scope of the event. A deferral of the commencement date for the BBG can mitigate some of the impact of ongoing RoLR disruptions on retailers, BBG implementation projects and consumers as we navigate through these tumultuous events. Alleviating the resource constraints through extending the BBG provides an opportunity for RoLR retailers to focus on ensuring a positive customer experience during the RoLR transition period to maintain uninterrupted supply of their energy. In the current market conditions, there is also probability for further RoLR events, especially during the summer period 2022/23.

The rule change request

For reasons outlined in the AER's Letter of Support, the rule change request and in AGL's submission, we encourage the AEMC to consider making the rule change to delay implementation by six months as proposed by the proponent. The AEMC may also be considering the appropriateness of alternative, shorter extension timeframes, for example, a three-month deferral of the BBG. A June/July commencement date would coincide with both the end of financial year period, and for most retailers, a mid-year price change event. The suite of communications that customers would receive for both a price change and the fundamental change to their energy bills may be overwhelming if they were to happen simultaneously. It would also increase the risk of customer confusion and increased complaints, while not allowing customers sufficient time to appreciate and familiarise themselves with the changes to their energy bills.

We consider that the September/October 2023 period would be an optimal time to introduce the BBG changes as customers would receive their new bill format some time after the price change notification, but still close enough that customers could sufficiently connect the two events. The new bill formats will provide customers with greater clarity around the rates and plans they are on and introduce the better offer message.

If you would like to discuss any aspect of AGL's submission, please contact Valeriya Kalpakidis at vkalpakidis@agl.com.au.

Yours sincerely,

Chris Streets

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AGL Energy