

4 March 2025

RRC0062 - Improving the ability to switch to a better offer  
Australian Energy Market Commission  
Submission made online at [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Sir/Madam

**Subject: RRC0062 Consultation Paper – *Improving the ability to switch to a better offer***

SA Power Networks (SAPN) welcomes the opportunity to provide feedback on the AEMC's Consultation Paper for the *Improving the ability to switch to a better offer* review.

As South Australia's regulated energy distributor, serving 1.7 million South Australians, we play a critical role in the well-being of our community, particularly supporting those who are experiencing vulnerable circumstances. We support the AEMC's review to remove barriers for customers to switch to a better retail offer and improve their ability to reduce their energy bills.

In line with SAPN's strategic outcome of "*delivering a safe, affordable and reliable service for all*", the organisation is formally adopting a corporate strategic performance measure of "energy affordability". By adopting this established AER and Ofgem measure, we are demonstrating our commitment to working with stakeholders to understand our role in improving affordability for customers, as a key aspect of our long-term strategy.

SAPN believes all customers should have access to an affordable and equitable energy supply and is committed to advocating and supporting improvements that provide safeguards for all customers, and particularly those customers experiencing vulnerability. This submission responds specifically to questions one and two as outlined in the *Consultation Paper, February 2025*.

**Question 1:**

**Question 1: Do stakeholders agree that transaction costs are a barrier to customer switching?**

Are transaction costs a key barrier to customers switching to a better offer?

What other factors do stakeholders consider influence customer switching?

Have stakeholders observed higher rates of switching since the implementation of the Better Bills Guideline?

How material is the issue identified in the proposal?

SAPN agrees that transaction costs are a key barrier to customers switching to a better retail offer, where transaction costs are defined as the time and effort associated with switching offers. This barrier applies to all customers but is more problematic for vulnerable customers who often pay a higher bill proportion relative to their income, and may have limited capacity to make fully informed decisions (switch offers) due to the impact of their situation.

Customer feedback obtained through SAPN's community engagement and through our Vulnerable Customer Advisory Group (VCAG), supports the view that transaction costs are a key barrier and disproportionately affect vulnerable customers.

Transaction costs highlighted through these engagements include:

- Time spent phoning the retailer (including long wait times with some retailers)
- Effort and time to understand and regularly review their electricity bill and the different charges, rebates, and concessions applied
- Comparing plans and offers on their current retailer website and other retailer websites and/or Energy Made Easy website

Difficulty in comparing different retail offers due to the lack of cost standardisation between retailers and plans, is also an issue. This leads to confusion and uncertainty for customers to determine the best solution for their individual situation, often resulting in customers 'giving up' and staying with their current retail plan.

Customers have provided feedback that they struggle to understand their electricity bill and find comparing offers complex. This is particularly problematic for customers with low literacy skills and/or for those who are culturally and linguistically diverse.

SAPN has received feedback from customers that many were unaware of the Better Bills Guideline requirement for their current retailer to include the 'Better Offer' advice on their electricity bill. Once this advice was highlighted to them on their bill, customers still struggled to understand if they could be on a better offer. Customer feedback included assumptions that retailers should automatically transfer them to better offers. Through our customer engagement, SAPN has not observed a higher rate of switching to better offers through the Better Bills Guideline implementation.

## Question 2:

### Question 2: Do stakeholders agree with the potential benefits identified in the proposal?

Do stakeholders have any feedback on the potential magnitude of any benefits this could manifest?

Do you expect this will result in consumers facing lower bills?

Are there other potential benefits that we have not considered?

SAPN believes the potential benefits identified in the proposal would be realised through the proposed solution - namely, higher switching rates to obtain better offers, reduced transactions costs for customers (real and perceived), and cost savings for customers as they move to lower cost electricity offers. If implemented, all South Australian customers would benefit, with the most vulnerable in the community realising the most positive impact.

Other potential benefits not outlined in the report could include:

- Improved trust between the customer and retailer with the belief that the retailer is proactively acting in the customers' best interests.
- Improved customer and community wellbeing, particularly for vulnerable customers, which could be achieved through reduced transaction costs (stress), receiving lower cost bills, and decreased 'electricity use restriction' by customers anxious around their bill cost.

We value the opportunity to make a submission to the AEMC's *Improving the ability to switch to a better offer* review and support improving customer and community outcomes. Should you wish to discuss this submission, please contact SAPN's Policy and Advocacy Lead, Rebecca Carter at [rebecca.carter@sapowernetworks.com.au](mailto:rebecca.carter@sapowernetworks.com.au) or on 0417 480 984.

Yours sincerely



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