

Improving the ability to switch to a better offer

We are seeking feedback on a draft determination and draft rule to increase customers' awareness of savings that can be achieved from switching plans with their retailer

On 19 June 2025, the Commission made a draft rule to increase customers' awareness of savings that can be achieved through switching plans with their retailer. This would reduce the amount consumers pay for energy and improve competition in the retail market. We are seeking feedback on our draft rule, which would:

- Increase the scope of the *billing guideline* that the Australian Energy Regulator (AER) sets. This expanded scope includes communications that are separate to, but relevant to, a bill.
- Add a subrule which requires the AER's *billing guideline* to include instructions on providing comparison information in retailers communications to small customers. This allows customers to see opportunities to save without opening their bill.

This draft rule is in response to a rule change request from the Hon. Chris Bowen MP, Minister for Climate Change and Energy, as Chair of the Energy and Climate Change Ministerial Council (ECMC), to improve the ability for customers to switch to a better offer.

Our draft rule seeks to increase the number of customers who regularly switch by increasing awareness of savings

The AER's Better Bills Guideline (BBG) requires customers' bills to contain an important message ('better offer message') that alerts customers to opportunities to save by switching to a different plan ('deemed better offer'), how they can switch and a prompt to visit the Energy Made Easy website to compare offers from other retailers.

Forthcoming market research conducted by the Behavioural Economics Team of the Australian Government (BETA), with the AER, shows that this message is effective in engaging customers in the market. Despite this, the ACCC report that there are still many customers paying more than they could be if they switched to another offer.

The proponent's proposition was that customers do not switch as the time and effort required to switch (transaction costs) are too high. Our investigation found that there is little evidence for this. While understanding and comparing plans is difficult, the switching process is fairly simple.

One contributing factor to customers not switching offers is low engagement with energy bills. We have identified this as the key opportunity to improve engagement in the retail market. By expanding the provision of information that helps customers compare plans, a greater number of customers who do not currently read their bill would be encouraged to switch to the best offer.

This draft rule would require the AER to update their billing guideline by 30 September 2026, in accordance with their existing timelines for review, as required by the *Assisting hardship customers* rule change.

This draft rule aligns with broader reforms to improve outcomes for consumers

This rule change forms part of the broader ECMC consumer rule change package submitted on 12 and 28 August 2024. The package involves seven rule change requests that together seek to help households access cheaper energy deals, increase support for people experiencing hardship, and deliver more protections for consumers.

The Department of Climate Change, Energy, the Environment and Water (DCCEEW) is

progressing the Better Energy Customer Experiences work to understand reforms needed to modernise and ensure the consumer protections framework is fit for purpose for the evolving energy market. As part of this, DCCEEW is assessing how the current protections regime is operating, including its strengths and weaknesses. This includes examining protections such as explicit informed consent and information provision requirements, and how these may need to evolve as the market transitions.

The Commission has considered stakeholder feedback in making its decision

Submissions to our Consultation Paper closed on 6 March 2025. Since submissions closed, we have further engaged with stakeholders to characterise the issue and explore solutions. This input has been valuable in informing this draft determination.

We welcome further engagement with stakeholders, including through submissions to this draft determination, due 31 July 2025.

The draft rule promotes the National Energy Retail Objective and equitable outcomes for consumers

The more preferable draft rule would promote the NERO by reducing the number of customers who are paying more than they could be for their energy bills. This improved engagement of customers in the retail market also produces competition benefits that place downward pressure on prices. We consider these benefits are material, while the costs this draft rule would impose are minimal. This is because this draft rule would require further communication of information retailers are already required to generate.

For this draft rule, we also had regard to promoting equitable energy outcomes. This complements the new guidance we have developed to ensure issues of equity are consistently and transparently addressed in a structured way when we are making rule changes and delivering recommendations. That is putting a consistent focus on:

- the diversity of customer needs, experiences, and preferences by encouraging more customers to engage with their retailers to find the offer that suits them
- removing structural barriers to engagement in the retail market through addressing customer inertia and low engagement with bills
- avoiding creating or exacerbating vulnerability by increasing the number of customers who switch to better offers while minimising the cost imposition on retailers.

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