



Ms Anna Collyer  
Chair  
Australian Energy Market Commission  
GPO Box 2603  
Sydney NSW 2001

31 July 2025

To Ms Collyer,

**Improving the ability to switch to a better offer – Draft determination**

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Australian Energy Market Commission's (the Commission) draft determination on a rule change to increase customers' awareness of savings that can be achieved from switching plans with their retailer.

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE operates an asset fleet which includes renewables, gas-powered generation, and battery energy storage systems. ENGIE also provides electricity and gas to retail customers across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

While ENGIE is pleased the Commission has taken on board stakeholder feedback that customers face limited transactional barriers to switching offers, ENGIE provides feedback in this submission on the Commission's more preferable draft rule and the evidence presented in the draft determination.

ENGIE is supportive of targeted reforms that address systemic market failures, where there is sufficient evidence and justification for the imposition of additional regulation and compliance obligations. Based on the information and evidence presented in the draft determination, ENGIE contends the Commission should not introduce a reform at this time and should conduct additional research into reform options that may have a noticeable improvement in customers' accessing better offers.

**There is limited evidence the proposed reform will increase the number of customers that switch**

ENGIE agrees with the Commission's assessment that transaction costs are not the primary reason causing low rates of customers' switching to another offer. ENGIE presented evidence in its submission to the consultation paper that the current processes to switch offers are as user-friendly as possible and can be

completed within a few minutes for online sign-ups.<sup>1</sup> ENGIE's view is that the process to switch to a better offer could only realistically be simplified further with an easing of explicit informed consent (EIC) requirements. ENGIE acknowledges the Commission has flagged that reforms to amend or reduce EIC requirements are outside of the Commission's remit and therefore the scope of this current review.

ENGIE contends that a key barrier to reduced customer switching may be insufficient price dispersion in the retail energy market to encourage consumers to engage. This aligns with the findings from Energy Consumer Australia's most recent Energy Consumer Sentiment Survey, where more than a third of surveyed households indicated they had not switched to a better offer because the 'savings didn't make it worth it'.<sup>2</sup> ENGIE notes that price dispersion in the market may decline further if the Department of Climate Change, Energy, the Environment and Water (Department) proceeds with proposed reforms to reduce electricity standing offer prices, which would restrict the Australian Energy Regulator (AER) from passing through certain retail-related costs in the Default Market Offer price cap.<sup>3</sup>

While there may be some cohorts of customers that do not regularly open and read their energy bills, ENGIE does not consider the draft determination presents sufficient evidence that the Commission's proposed reform will noticeably improve the proportion of these customers that do view and act on a better offer message. In relation to the three key cohorts identified in the draft determination<sup>4</sup>, ENGIE provides the following feedback questioning the assumption that including a better offer message on cover communications would improve visibility and take-up of better offers:

1. **customers with direct debit arrangements** – to the extent these customers do not need to open their bill in order to pay, these customers may be similarly unlikely to open any covering communications (either email or letter) as they have established a 'set and forget' arrangement.
2. **customers that find bills too confusing** – it may be reasonable to assume that customers that do not see and/or understand a better offer message on their bill would face the same issues when this information is presented in cover communications, assuming these customers open up cover communications.
3. **customers that pay their bills based on summary amounts provided in cover communications** – ENGIE acknowledges that this customer cohort that reads the covering email with their bill will be more likely to see and act on a better offer message presented in the covering email.

Based on the information presented in the draft determination, ENGIE's view is that the third cohort can be reasonably assumed to experience improved visibility of the better offer message following the introduction of the proposed reform. However, it is not currently clear how many customers fall into this

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<sup>1</sup> ENGIE 2025, Submission: Improving the ability to switch to a better offer – consultation paper, 6 March, p.3.

<sup>2</sup> Energy Consumers Australia 2024, Energy Consumer Sentiment Survey June 2024, p.10.

<sup>3</sup> Department of Climate Change, Energy, the Environment and Water 2025, 2025 Reforms to the Default Market Offer, 18 June.

<sup>4</sup> Australian Energy Market Commission 2025, Draft rule determination: Improving the ability to switch to a better offer, 19 June, p.4.

cohort and would directly benefit from the reform. For all other customers, ENGIE is concerned the Commission is justifying its reform option on an assumption that it will improve customer awareness of savings, without presenting any evidence to support this assumption.

Without the Commission undertaking additional work to test its assumptions and present evidence of the scale of the identified issue, it is challenging for ENGIE to support the imposition of additional regulatory requirements. In order to understand the proportion of the customer base that may benefit from the additional regulatory burden, the Commission may consider engaging the Behavioural Economics Team of the Australian Government or another body to conduct specific research on how different customer cohorts interact with covering communications. This research could test whether certain cohorts may be more likely to act on better offer messages if these messages were presented on covering communications.

As noted at the start of this submission, ENGIE would be supportive of additional regulation where there is evidence of systemic harm and justification that the additional regulation would address the harm.

#### Reforms should be set out in the Rules, rather than deferred to an AER decision-making process

If the Commission does proceed with a rule change, ENGIE urges the Commission to not defer the regulatory design to the AER through the billing guideline. ENGIE is concerned that the AER is increasingly being given responsibility to make policy design decisions that should be managed by the Commission in its role as the rule developer. While the AER has a clear and useful role in rule guidance as the market body responsible for compliance and enforcement, it is inappropriate for the AER to also be making decisions on policy matters.

The Commission is best-placed to develop the regulatory requirements arising from the rule change request, based on stakeholder consultation undertaken to-date. This will ensure the regulatory requirements are targeted at consumer harms identified during the Commission's consultation, rather than the AER re-investigating the issue and developing its own policy design.

In addition, ENGIE considers the proposed regulatory requirements do not sit neatly in the existing billing guideline, as the reform is unrelated to the specific design and content of bills.

#### Concluding remarks

Should you have any queries in relation to this submission please do not hesitate to contact me on, telephone, 0436 929 403.

Yours sincerely,



**Matthew Giampiccolo**

Manager, Regulation and Policy