

**EnergyAustralia**

LIGHT THE WAY

30 July 2025

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Submitted electronically

Dear Commissioners

Reference: RR0062**AEMC Consultation on Draft Rule Determination – Switching to a better offer**

EnergyAustralia welcomes the opportunity to provide comments to the Australian Energy Market Commission's (AEMC) Draft determination to improve the ability to switch to a better offer (the draft rule). Overall, we support the AEMC's focus on increasing the visibility of comparative information via supplementary communications such as covering emails, which may prompt greater customer engagement without requiring them to open a bill. We agree that this approach is generally preferred over prescriptive options considered in the AEMC's initial consultation paper.

A targeted scope is needed to deliver customer benefits and keep implementation costs to a minimum

We welcome the AEMC's intention of keeping costs of the draft rule at a minimal while improving customer awareness of potential savings from switching, however we are concerned that the proposed wording of the draft rule is too broad and could lead to a more onerous obligation than envisioned by the AEMC.

The AEMC envisages that greater visibility of comparator information to customers takes the form of:

the deemed better offer message to be included in supplementary communications documents, such as covering emails to bills if the customer has consented to these, or cover letters to physical bills...

The Commission considers that including the deemed better offer message in the supplementary communications documents to bills most effectively targets the key barriers identified, while minimising cost impositions on retailers and building on the strengths of other ongoing regulatory workstreams.¹

The draft rule states the obligation to include ‘written communications separate from but about a bill.’ While the AEMC’s intent appears to be focused on communications that **accompany a bill**, the current drafting of the rule risks pulling in a wide and varied set of written customer communications, including:

- Operational notices (e.g. undercharge/overcharge letters, service notifications)
- End-of-benefit or reprice communications
- Other transactional messages, which may include billing-related content but serve other specific purposes.

This raises key questions:

1. Is the rule intended to capture the customer’s periodic **bill journey**?
2. Or does it extend to **any communication** containing billing information, regardless of context?

A broader application of the draft rule can introduce significant cost without material customer benefit

We caution against a broader application covered by point 2. above, as it can have the opposite effect to keeping implementation costs at minimum and it can risk:

- **Overwhelming customers** with repeated comparator messages
- **Diluting the salience and effectiveness** of the better offer message
- **Introducing compliance noise** rather than meaningful engagement.

We are particularly concerned that “communications separate from but about a bill” may be interpreted to include technical channels like **SMS notifications or mobile app alerts**. Embedding comparator messages across a wider range of customer communication such as technical channels would present considerable delivery challenges and introduce material cost - requiring technical builds and system integration. This runs counter to the AEMC’s intent to deliver improved visibility for customers on the value of switching while keeping retailer implementation costs at a minimum. It is important that retailers can leverage existing communication channels, rather than introducing new notifications for the purpose of meeting this obligation.

To deliver on its intent, we recommend hardcoding a targeted application of the rule in the legislation

We strongly recommend that the National Energy Retail Rules be amended to **hardcode a more targeted application** to better align with the AEMC’s intent of limiting “written communications” to those that directly accompany a bill (such as cover emails or letters), rather than leaving it open to broader interpretation. This would help ensure the draft rule achieves the goal of minimal cost implementation while aiming to improve customer outcomes and preserving the AEMC’s intended vision.

One option to give effect to this intent may be to revise subrule 25A(7), something to the effect of:

¹ AEMC, Improving the ability to switch to a better offer, Draft rule determination, 19 June 2025, p14.

(7) In the billing guideline, the AER must specify that a retailer must provide comparative information for the purposes of subrule (3)(c)(ii) to a small customer in written communications separate to a bill, **limited to communications to inform the small customer that the retailer has issued a new bill**, and in the manner and form required by the billing guideline.

Note for avoidance of doubt, the communications referred to in 25A(7) apply to communications that accompany a bill and does not apply with respect to notices provided under rule 31(1), 30(2)(c), 46(3), 48(2) and 48(A)(1).

Revising rule 25 of the National Energy Retail Rules may also be necessary to give effect to this intent, and one option could be something to the effect of:

Rule 25 Contents of bills (SRC and MRC)

(1) ~~In preparing and issuing bills to a small customer~~ In preparing and issuing bills (including any written communications separate from but about a bill) to a small customer, a retailer must comply with the billing guideline under rule 25A. For avoidance of doubt, the communications referred to in this rule apply to communications that accompany a bill and does not apply with respect to notices provided under rule 31(1), 30(2)(c), 46(3), 48(2) and 48(A)(1).

Note This subrule is classified as a tier 3 civil penalty provision under the National Energy Retail Regulations. (See clause 6 and Schedule 1 of the National Energy Retail Regulations.)

Deliverability depends on scope, timing, and coordination

The proposed 30 December 2026 implementation date appears achievable **provided that**:

- The draft rule applies a narrow-targeted scope, as outlined above.
- The AER's final Billing Guideline maintains the intended targeted application to communications that **accompany a bill**.
- The guideline does not expand the obligation to cover a **broader class of customer communications** beyond what was envisaged in the draft determination.

Should the final rule or AER guideline depart materially from the draft rule and proposed refinements, we emphasise the importance of providing **adequate lead time** for implementation. This will be essential to support an orderly rollout and ensure retailers can meet both the **letter and spirit** of the reforms.

It is also important to highlight the **cumulative burden of upcoming regulatory changes**, particularly where delivery timelines converge across jurisdictions (i.e. NECF states and Victoria). Without careful sequencing and realistic timeframes, there is a risk of resource constraints, inefficient system builds, and reduced customer communication quality.

We encourage the AEMC and AER to continue to coordinate reform delivery and allow sufficient time for build, testing, and customer engagement to ensure successful and sequenced implementation.

Looking beyond messaging - preserving competition and managing regulatory complexity is key

We encourage the AEMC to consider the following broader issues as part of its final determination:

- The risk of **regulatory divergence with Victoria**, where parallel reforms evolve in different directions, this increases compliance complexity for national retailers.
- The risk that reforms focused solely on messaging may fall short of expectations unless supported by broader efforts to address the underlying drivers of customer disengagement.

In particular, we note that the AEMC's cited analysis, includes evidence from BETA (the Behavioural Economics Team of the Australian Government) that suggests that **a saving of around \$200 is typically required to motivate a customer to switch.**² This highlights that even highly visible better offer messages may not lead to action if the perceived benefit is low. As such, **maintaining the value of shopping around** is essential to supporting engagement. Without this, governments may interpret limited customer response as a sign of market failure and seek to intervene more directly.

We have consistently advocated for reforms that preserve competitive tension and empower customers. A targeted and proportionate implementation of this draft rule—aligned with its intent—can help support that goal, without creating unnecessary complexity or cost.

Next steps and future engagement

Our recommended refinement to the draft rule aims to ensure the reform is proportionate, practical to implement, and aligned with positive customer outcomes.

We thank the AEMC for the opportunity to engage and look forward to working together to deliver better outcomes for energy consumers.

If you have any questions in relation to this submission, please contact me (maria.ducusin@energyaustralia.com.au or 03 9060 0934).

Yours sincerely,
Maria Ducusin
Regulatory Affairs Lead

² AEMC, Improving the ability to switch to a better offer, Draft rule determination, 19 June 2025, p19; BIT, Testing the impact of behaviourally informed energy bills and best offers, 2018, p. 36.