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31 July 2025

Ms Anna Collyer
Chairperson
Australian Energy Market Commission
PO Box 2603
Sydney NSW 2001

Submitted electronically: www.aemc.gov.au

Dear Ms Collyer,

Re: Improving ability to switch to a better offer (RRC0062)

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to make this submission to the Australian Energy Market Commission's (the Commission's) draft determination for rule change proposal to improve the ability to switch to a better offer.

We acknowledge that some consumers find it difficult to participate in the retail market and more specifically, may be unaware that they can access alternative offers from their retailer or from the broader market. The Australian Energy Regulator's (AER's) *Better Bills Guideline* attempts to address this issue and there is clear evidence that it has increased awareness of better offers. We expect this to continue and to see further takeup of better offers.

Retailers have also responded to regulatory initiatives and to evolving consumer preferences. Consumers can now access better offers through a range of mechanisms, such as online accounts or mobile apps, and this will evolve further in line with shifting consumer preferences. The competitive market creates a powerful incentive for retailers to present information to consumers efficiently and effectively. As such, the draft determination is preferable to more interventionist and prescriptive approaches.

At the same time, retailers must ensure they continue to comply with core consumer protections, such as Explicit Informed Consent (EIC) provisions. We acknowledge the policy objective to reduce transaction costs as far as possible but the process to obtain EIC limits the extent to which this can occur. The EIC process also ensures a consumer fully understands the implications of switching to a deemed better offer. It may not always align with their best interests or preferences. Given the diversity of consumer needs and preferences, some individuals may place greater value on loyalty programs and other non financial benefits. In these cases, direct engagement remains the best approach, as it allows retailers to provide tailored plans that truly meet consumer requirements.

The effectiveness of duplicating deemed better offer information on cover emails and bill summaries is questionable. Some retailers already include this information in cover emails in Victoria (where the *Energy Retail Code of Practice* gives retailers the choice to include the calculation on a bill or bill summary) but there is no clear way to assess whether this influences outcomes.

On the other hand, introducing additional references to the deemed better offer may lead to confusion about the amount a consumer needs to pay, increasing the potential for incorrect payments. This is something the AER should explore when it considers whether to amend the *Better Bills Guideline*. It may be a reason for giving retailers the option to include the better offer message on bill summaries or the bill itself and then an evidence base to determine whether a more prescriptive approach depends on observed outcomes.

As a final point, any rule change should not apply to statement billing where retailers issue a single bill and bill summary to consumers who have multiple National Meter Identifiers. Better offer calculations are not feasible in these situations.

About Red and Lumo

We are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail electricity and gas in New South Wales, Queensland, South Australia, Victoria and the ACT to over 1.5 million customers.

Red and Lumo thank the Commission for the opportunity to comment on the draft determination. Should you wish to discuss or have any further enquiries regarding this submission, please call Thakshila Gunaratna, Regulatory Manager, on 0461 338 686.

Yours sincerely

A handwritten signature in black ink, appearing to read "G Hargreaves".

Geoff Hargreaves

Manager - Regulatory Affairs

Red Energy Pty Ltd

Lumo Energy (Australia) Pty Ltd